# INDIES PHARMA JAMAICA LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2022

**INDIES PHARMA JAMAICA LIMITED**

**FINANCIAL STATEMENTS**

**31 OCTOBER 2022**

# I N D E X

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Chartered Accountants
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Montego Bay, Jamaica



## INDEPENDENT AUDITORS' REPORT

To the Members of
Indies Pharma Jamaica Limited

### Report on the Audit of the Financial Statements

### Opinion

We have audited the company's financial statements of Indies Pharma Jamaica Limited set out on pages 6 to 54 which comprise the group and the company's statement of financial position at 31 October 2022, and the group and company's 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 group and the company as at 31 October 2022, and of the group and company's financial performance and 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 group and the company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

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**<br>*Refer to notes 3(g), 5(d) (ii) and 18 for management's related accounting policies and disclosures*<br><br>The expected loss rates are based on the group's historical credit losses experience over the period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information and macroeconomic factors affecting the ability of the customers to settle the receivables as well as probabilities of default representing the likelihood of a customer defaulting on its obligation over the next twelve months or over the remaining lifetime of the obligation. The group has identified the inflation rate of the country and economic variables as impactful on economic outcomes of the customer, and accordingly adjusts the historical loss rates based on estimated changes in these factors. Additionally, the uncertainty surrounding the economic impact of COVID-19 could result in a significant increase in credit risk (SICR) for customers based on the assessment of the industry sector in which the customer operates and other impactful factors. In the event of a SICR, a provision is required for ECL resulting from the possible default events over the expected life of the financial instrument ('lifetime ECL'). The estimation and application of forward looking information is highly subjective and requires management to make significant judgement and estimates hence our focus on the area | Our audit procedures included:<br><br>• Assessing the appropriateness of management's assumptions and compliance with the requirements of IFRS 9, Financial Instruments.<br>• 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 and other financial instruments.<br>• Testing the aging of accounts receivable and testing the accuracy of the ECL calculation.<br>• Assessment of the adequacy of disclosures in the financial statements.<br><br>Based on the results of the procedures performed, no adjustment was considered. |
| **Capitalization of development costs related to pharmaceutical products as intangible assets and subsequent valuation**<br><br>*Refer to notes 3 (q) and 12 for management's related accounting policies and disclosures*<br><br>Capitalized development costs amount to $379,311,777 as at 31 October 2022. Development costs comprise the expenditure under contracts to develop pharmaceutical products for the market. The group capitalizes the products' development costs upon meeting the criteria as described in IAS 38. Capitalization criteria assessment under IAS 38 requires significant judgment and measurement uncertainty at inception and throughout the life of the products' development stages. Judgements involved determination of the eligibility of the costs for capitalization and assessment by management of expectations and estimates of future outcomes. | Our audit procedures included, amongst others, review of the contracts for development of the products, assessment of the eligibility of the development costs for capitalization as intangible asset under IAS 38, performance of substantive test of details of the capitalized development costs and evaluating the assumptions and methodologies used by the group to test management's expectations and estimates of future economic cash flows as well as considerations of impairment.<br><br>Based on the audit evidence we have gathered we are satisfied that management has reached its conclusions appropriately. |

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Indies Pharma Jamaica Limited

**Other information**

Management is responsible for the other information. The other information comprises the Annual Report but does not include the consolidated and stand-alone 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 consolidated and stand-alone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and stand-alone 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 consolidated and stand-alone 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 preparation of financial statements that give a true and fair view 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 group'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 group or to cease operations, or has no realistic alternative but to do so.

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

## INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Indies Pharma Jamaica Limited

### 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.

- 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 group and 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 group and 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 group 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 presents a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Indies Pharma Jamaica Limited

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.

**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 Donna Hobson.

BDO

**Chartered Accountants**

10 February 2023

# INDIES PHARMA JAMAICA LIMITED

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

## AND OTHER COMPREHENSIVE INCOME

## YEAR ENDED 31 OCTOBER 2022

| | Note | 2022<br>$ | Restated*<br>2021<br>$ |
|---|---|---|---|
| **REVENUE** | 6 | 937,282,761 | 846,832,692 |
| COST OF SALES | 8 | (281,465,031) | (295,901,204) |
| **GROSS PROFIT** | | 655,817,730 | 550,931,488 |
| Other operating income | 7 | 3,837,635 | 7,493,026 |
| | | 659,655,365 | 558,424,514 |
| Administrative and other expenses | 8 | (376,864,684) | (337,529,969)* |
| **PROFIT FROM OPERATIONS** | | 282,790,681 | 220,894,545* |
| Exchange gain | | ( 1,747,697) | 14,763,441 |
| Finance costs | 9 | ( 60,251,719) | ( 67,790,597) |
| NET PROFIT BEFORE TAXATION | | 220,791,265 | 167,867,389* |
| Taxation | 10 | - | - |
| **NET PROFIT FOR THE YEAR** | | 220,791,265 | 167,867,389* |
| **OTHER COMPREHENSIVE INCOME:**<br>Item that will not be reclassified to profit or loss<br>Gain on revaluation of fixed assets | 22 | - | 288,463,201 |
| **TOTAL COMPREHENSIVE INCOME** | | 220,791,265 | 456,330,590* |
| **BASIC EARNINGS PER SHARE** | 11 | 17¢ | 13¢ |

# INDIES PHARMA JAMAICA LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## 31 OCTOBER 2022

| | Note | 2022<br>$ | Restated*<br>2021<br>$ | Restated*<br>2020<br>$ |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **NON-CURRENT ASSETS:** | | | | |
| Intangible assets | 12 | 379,311,777 | 317,628,968 | 114,698,809 |
| Right-of-use assets | 13 | 2,019,016 | 39,620,932 | 77,222,845 |
| Investment | 15 | 79,442,695 | 146,751,564 | 147,500,000 |
| Property, plant and equipment | 16 | 947,382,946 | 940,252,921 | 627,781,814 |
| Related companies | 17 | 21,008,331 | 18,940,932 | 62,145,502 |
| | | 1,429,164,765 | 1,463,195,317 | 1,029,348,970 |
| **CURRENT ASSETS:** | | | | |
| Inventories | | 175,509,630 | 222,596,257 | 146,520,962 |
| Receivables | 18 | 166,804,086 | 161,479,266 | 221,599,270 |
| Taxation recoverable | | 1,094,346 | 774,306 | 632,834 |
| Directors' current account | 19 | 41,021,965 | 756,146 | 70,207,316 |
| Cash and bank balances | 20 | 234,633,949 | 187,744,545 | 313,648,274 |
| | | 619,063,976 | 573,350,520 | 752,608,656 |
| | | 2,048,228,741 | 2,036,545,837 | 1,781,957,626 |
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY:** | | | | |
| Share capital | 21 | 244,576,999 | 244,576,999 | 244,576,999 |
| Capital reserve | 22 | 458,484,190 | 458,484,190 | 182,337,065 |
| Retained earnings | | 453,902,474 | 383,687,850 | 350,083,416* |
| | | 1,156,963,663 | 1,086,749,039 | 776,997,480 |
| **NON-CURRENT LIABILITIES:** | | | | |
| Lease liabilities | 13 | 1,249,523 | - | 50,936,651* |
| Long term loan | 23 | 805,000,000 | 805,000,000 | 805,000,000 |
| Related companies | 17 | 24,538,994 | 46,595,363 | 27,342,633 |
| | | 830,788,517 | 851,595,363 | 883,279,284 |
| **CURRENT LIABILITIES:** | | | | |
| Payables | 24 | 51,391,655 | 48,185,982 | 79,673,603 |
| Short term borrowings | 25 | 7,864,823 | 3,437,700 | 6,150,445 |
| Current portion of lease liabilities | 13 | 1,220,083 | 46,577,753 | 35,856,814 |
| | | 60,476,561 | 98,201,435 | 121,680,862 |
| | | 2,048,228,741 | 2,036,545,837 | 1,781,957,626 |

Approved for issue by the Board of Directors on 10 February 2023 and signed on its behalf by:

Guna Sekhar Muppuri - Director

INDIES PHARMA JAMAICA LIMITED SEAL

Vishnu Vandana Muppuri - Director

# INDIES PHARMA JAMAICA LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## YEAR ENDED 31 OCTOBER 2022

| | Note | Number of Stock Units | Share Capital $ | Capital Reserve $ | Retained Earnings $ | Total |
|---|---|---|---|---|---|---|
| **BALANCE AT 31 OCTOBER 2020 As previously stated** | | 1,332,536,649 | 244,576,999 | 182,337,065 | 359,825,109 | 786,739,173 |
| Correction of error | 29 | - | - | - | ( 9,741,693) | ( 9,741,693) |
| **BALANCE AT 31 OCTOBER 2020 As restated** | | 1,332,536,649 | 244,576,999 | 182,337,065 | 350,083,416 | 776,997,480 |
| **TOTAL COMPREHENSIVE INCOME** | | | | | | |
| Net profit | | - | - | - | 178,564,371 | 178,564,371 |
| Prior year adjustment | 29 | - | - | - | ( 10,696,982) | ( 10,696,982) |
| As restated | | - | - | - | 167,867,389 | 167,867,389 |
| Reclassification | | - | - | ( 12,316,076) | 12,316,076 | - |
| Other comprehensive income | | - | - | 288,463,201 | - | 288,463,201 |
| | | - | - | 276,147,125 | 180,183,465 | 456,330,590 |
| **TRANSACTION WITH OWNERS** | | | | | | |
| Dividends | 26 | - | - | - | (146,579,031) | ( 146,579,031) |
| **BALANCE AT 31 OCTOBER 2021 As restated** | | 1,332,536,649 | 244,576,999 | 458,484,190 | 383,687,850 | 1,086,749,039 |
| **TOTAL COMPREHENSIVE INCOME** | | | | | | |
| Net profit | | - | - | - | 220,791,265 | 220,791,265 |
| **TRANSACTION WITH OWNERS** | | | | | | |
| Dividends | 26 | - | - | - | (150,576,641) | ( 150,576,641) |
| **BALANCE AT 31 OCTOBER 2022** | | 1,332,536,649 | 244,576,999 | 458,484,190 | 453,902,474 | 1,156,963,663 |

# INDIES PHARMA JAMAICA LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS

## YEAR ENDED 31 OCTOBER 2022

| | Note | 2022<br>$ | Restated*<br>2021<br>$ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | | |
| Net profit | | 220,791,265 | 167,867,389* |
| Items not affecting cash resources: | | | |
| Gain on disposal of property, plant and equipment | | ( 1,877,500) | ( 2,397,248) |
| Depreciation – right of use assets | | 37,601,916 | 37,601,913 |
| Depreciation | | 19,239,227 | 16,129,857 |
| Interest income | 7 | ( 945,902) | ( 4,835,943) |
| Interest expense | 9 | 56,195,583 | 61,373,300 |
| Interest expense – right-of-use assets | 9 | 4,056,136 | 6,417,297 |
| Taxation expense | 10 | - | - |
| | | 335,060,725 | 282,156,565 |
| Changes in operating assets and liabilities: | | | |
| Inventories | | 47,086,627 | ( 76,075,295) |
| Receivables | | ( 5,324,820) | 60,120,004 |
| Payables | | 3,205,671 | ( 31,487,620) |
| Related companies | | ( 24,123,768) | 62,457,300 |
| Directors' current account | | ( 40,265,818) | 69,451,170 |
| Taxation recoverable | | ( 320,040) | ( 141,472) |
| Cash provided by operating activities | | 315,318,577 | 366,480,652 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | | |
| Interest received | 7 | 945,902 | 4,835,943 |
| Purchase of property, plant and equipment | 16 | ( 26,369,252) | ( 40,716,515) |
| Purchase of intangible assets | | ( 61,682,809) | (202,930,159) |
| Disposal of investment | | 67,308,869 | 748,436 |
| Proceeds from disposal of property, plant and equipment | | 1,877,500 | 2,976,000 |
| Cash used in investing activities | | ( 17,919,790) | (235,086,295) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | | |
| Interest paid | | ( 56,195,583) | ( 61,373,300) |
| Borrowing | | 3,431,817 | 599,264 |
| Dividends paid | 26 | (150,576,641) | (146,579,031) |
| Lease payments/(liabilities) | | ( 48,164,282) | ( 46,633,009)* |
| Cash used in financing activities | | (251,504,689) | (253,986,076) |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | | 45,894,098 | (122,591,719) |
| Cash and cash equivalents at beginning of year | | 187,744,545 | 310,336,264 |
| **CASH AND CASH EQUIVALENTS AT END YEAR** | 20 | 233,638,643 | 187,744,545 |

# INDIES PHARMA JAMAICA LIMITED

## STATEMENT OF PROFIT OR LOSS

## AND OTHER COMPREHENSIVE INCOME

## YEAR ENDED 31 OCTOBER 2022

| | Note | 2022<br>$ | Restated*<br>2021<br>$ |
|---|---|---|---|
| **REVENUE** | 6 | 937,282,761 | 846,832,692 |
| COST OF SALES | 8 | (281,465,031) | (295,901,204) |
| **GROSS PROFIT** | | 655,817,730 | 550,931,488 |
| Other operating income | 7 | 3,837,635 | 7,493,026 |
| | | 659,655,365 | 558,424,514 |
| Administrative and other expenses | 8 | (374,683,711) | (334,755,796)* |
| **PROFIT FROM OPERATIONS** | | 284,971,654 | 223,668,718* |
| Exchange (loss)/gain | | ( 1,747,697) | 14,763,441 |
| Finance costs | 9 | ( 60,251,719) | ( 67,790,597) |
| **NET PROFIT BEFORE TAXATION** | | 222,972,238 | 170,641,562* |
| Taxation | 10 | - | - |
| **TOTAL COMPREHENSIVE INCOME** | | 222,972,238 | 170,641,562* |

# INDIES PHARMA JAMAICA LIMITED

## STATEMENT OF FINANCIAL POSITION

## 31 OCTOBER 2022

| | Note | 2022 $ | Restated* 2021 $ | Restated* 2020 $ |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **NON-CURRENT ASSETS:** | | | | |
| Intangible assets | 12 | 379,311,777 | 317,628,968 | 114,698,809 |
| Right-of-use asset | 13 | 2,019,016 | 39,620,932 | 77,222,845 |
| Investment in subsidiary | 14 | 100 | 100 | 100 |
| Investment | 15 | 79,442,695 | 146,751,564 | 147,500,000 |
| Property, plant and equipment | 16 | 168,704,949 | 169,833,691 | 151,245,015 |
| Related companies | 17 | 445,359,290 | 430,648,568 | 444,375,684 |
| | | 1,074,837,827 | 1,104,483,823 | 935,042,453 |
| **CURRENT ASSETS:** | | | | |
| Inventories | | 175,509,630 | 222,596,257 | 146,520,962 |
| Receivables | 18 | 166,804,086 | 161,479,266 | 222,599,270 |
| Taxation recoverable | | 1,094,346 | 774,306 | 632,834 |
| Directors' current account | 19 | 41,021,964 | 756,146 | 70,207,316 |
| Cash and bank balances | 20 | 234,633,949 | 187,744,545 | 313,648,274 |
| | | 619,063,975 | 573,350,520 | 752,608,656 |
| | | 1,693,901,802 | 1,677,834,343 | 1,687,651,109 |
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY:** | | | | |
| Share capital | 21 | 244,576,999 | 244,576,999 | 244,576,999 |
| Capital reserve | 22 | 99,307,105 | 99,307,105 | 111,623,181 |
| Retained earnings | | 459,557,620 | 387,162,023 | 350,783,416* |
| | | 803,441,724 | 731,046,127 | 706,983,596 |
| **NON-CURRENT LIABILITIES:** | | | | |
| Lease liabilities | 13 | 1,249,523 | - | 50,936,651* |
| Long term loan | 23 | 805,000,000 | 805,000,000 | 805,000,000 |
| Related companies | 17 | 24,538,994 | 44,286,781 | 3,750,000 |
| | | 830,788,517 | 849,286,781 | 859,686,651 |
| **CURRENT LIABILITIES:** | | | | |
| Payables | 24 | 50,586,655 | 47,485,982 | 78,973,603 |
| Short term borrowings | 25 | 7,864,823 | 3,437,700 | 6,150,445 |
| Current portion of lease liabilities | 13 | 1,220,083 | 46,577,753 | 35,856,814 |
| | | 59,671,561 | 97,501,435 | 120,980,862 |
| | | 1,693,901,802 | 1,677,834,343 | 1,687,651,109 |

Approved for issue by the Board of Directors on 10 February 2023 and signed on its behalf by:

Guna Sekhar Muppuri - Director

INDIES PHARMA JAMAICA LIMITED SEAL

Vishnu Vandana Muppuri - Director

# INDIES PHARMA JAMAICA LIMITED

## STATEMENT OF CHANGES IN EQUITY

## YEAR ENDED 31 OCTOBER 2022

| | Note | Number of Stock Units | Share Capital $ | Capital Reserve $ | Retained Earnings $ | Total |
|---|---|---|---|---|---|---|
| **BALANCE AT 31 OCTOBER 2020 As previously stated** | | 1,332,536,649 | 244,576,999 | 111,623,181 | 360,525,109 | 716,725,289 |
| Correction of error | 29 | - | - | - | ( 9,741,693) | ( 9,741,693) |
| **BALANCE AT 31 OCTOBER 2020 As restated** | | 1,332,536,649 | 244,576,999 | 111,623,181 | 350,783,416 | 706,983,596 |
| **TIOTAL COMPREHENSIVE INCOME** | | | | | | |
| Net profit | | - | - | - | 181,338,544 | 181,338,544 |
| Prior year adjustment | 29 | - | - | - | ( 10,696,982) | ( 10,696,982) |
| As restated | | - | - | - | 170,641,562 | 170,641,562 |
| Reclassification | | - | - | ( 12,316,076) | 12,316,076 | - |
| | | - | - | ( 12,316,076) | 182,957,638 | 170,641,562 |
| **TRANSACTION WITH OWNERS** | | | | | | |
| Dividends | 26 | - | - | - | (146,579,031) | (146,579,031) |
| **BALANCE AT 31 OCTOBER 2021 As restated** | | 1,332,536,649 | 244,576,999 | 99,307,105 | 387,162,023 | 731,046,127 |
| **TIOTAL COMPREHENSIVE INCOME** | | | | | | |
| Net profit | | - | - | - | 222,972,238 | 222,972,238 |
| **TRANSACTION WITH OWNERS** | | | | | | |
| Dividends | 26 | - | - | - | (150,576,641) | (150,576,641) |
| **BALANCE AT 31 OCTOBER 2022** | | 1,332,536,649 | 244,576,999 | 99,307,105 | 459,557,620 | 803,441,724 |

# INDIES PHARMA JAMAICA LIMITED

## STATEMENT OF CASH FLOWS

## YEAR ENDED 31 OCTOBER 2022

| | Note | 2022<br>$ | Restated*<br>2021<br>$ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | | |
| Net profit | | 222,972,238 | 170,641,562* |
| Items not affecting cash resources: | | | |
| Gain on sale of fixed assets | | ( 1,877,500) | ( 2,397,248) |
| Depreciation – right-of-use assets | | 37,601,916 | 37,601,913 |
| Depreciation | | 19,239,227 | 16,129,857 |
| Interest income | 7 | ( 945,902) | ( 4,835,943) |
| Interest expense | 9 | 56,195,583 | 61,373,300 |
| Interest expenses – right-of-use assets | 9 | 4,056,136 | 6,417,297 |
| Taxation expense | 10 | - | - |
| | | 337,241,698 | 284,930,738 |
| Change in operating assets and liabilities - | | | |
| Inventories | | 47,086,627 | ( 76,075,295) |
| Receivables | | ( 5,324,820) | 60,120,004 |
| Payables | | 3,100,672 | ( 31,487,620) |
| Related companies | | ( 34,458,509) | 54,263,897 |
| Directors' current account | | ( 40,265,818) | 69,451,170 |
| Taxation recoverable | | ( 320,040) | ( 141,472) |
| Cash provided by operating activities | | 307,059,810 | 361,061,422 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | | |
| Interest received | 7 | 945,902 | 4,835,943 |
| Disposal of investment | | 67,308,869 | 748,436 |
| Purchase of property, plant and equipment | 16 | ( 18,110,485) | ( 35,297,285) |
| Purchase of intangible assets | | ( 61,682,809) | (202,930,159) |
| Proceed from disposal of property, plant and equipment | | 1,877,500 | 2,976,000 |
| Cash used in investing activities | | ( 9,661,023) | (229,667,065) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | | |
| Interest paid | | ( 56,195,583) | ( 61,373,300) |
| Borrowing | | 3,431,817 | 599,264 |
| Dividends paid | 26 | (150,576,641) | (146,579,031) |
| Lease payments/liabilities | | ( 48,164,282) | ( 46,633,009)* |
| Cash used in financing activities | | (251,504,689) | (253,986,076) |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | | 45,894,098 | (122,591,719) |
| Cash and cash equivalents at beginning of year | | 187,744,545 | 310,336,264 |
| **CASH AND CASH EQUIVALENTS AT END YEAR** | 20 | 233,638,643 | 187,744,545 |

# INDIES PHARMA JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2022

1. **IDENTIFICATION AND PRINCIPAL ACTIVITIES:**

(a) Indies Pharma Jamaica Limited ("the company") is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is 1a Pimento Way, Freeport, Montego Bay, St. James.

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

(c) 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.

(d) The principal activity of the subsidiary is real estate development.

2. **FUNCTIONAL AND PRESENTATION CURRENCY:**

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

3. **SIGNIFICANT ACCOUNTING POLICIES:**

The principal accounting policies applied in the preparation of these consolidated 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. They are also prepared in accordance with requirements of the Jamaican Companies Act.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

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 group has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following new standards, interpretations and amendments are immediately relevant to its operations.

**IFRS 16, 'Leases' – Covid-19 related rent concessions (effective for accounting periods beginning on or after 1 April 2021**). As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2021, the IASB made an amendment to IFRS 16, 'Leases' which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted. The adoption of these amendments did not have a significant impact on the group.

**Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (effective for accounting periods beginning on or after 1 January 2021).** These address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues). Major changes:

- Added a practical expedient that enables a company to account for a change in the contractual cash flows that are required by the reform by updating the effective interest rate to reflect, for example, the change in an interest rate benchmark from IBOR to an alternative benchmark rate.

- Provide relief from specific hedge accounting requirements.

There was no impact on the group's financial statements from the adoption of this amendment.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd)**

**New standards, amendments and interpretations not yet effective and not early adopted**

**Amendment to IAS 16, 'Property, Plant and Equipment' (effective for accounting periods beginning on or after 1 January 2022)**. This amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognize such sales proceeds and related cost in profit or loss. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The group will assess the impact of future adoption of this amendment on its financial statements.

**Amendments to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities (effective for accounting periods beginning on or after 1 January 2023).** These narrow-scope amendments to IAS 1, 'Presentation of Financial Statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectation of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The group will assess the impact of future adoption of this amendment on its financial statements.

**Annual Improvements 2018-2020 (effective for accounting periods beginning on or after 1 January 2022).** The IASB issued its Accounting Improvements to IFRSs 2018 – 2020 cycle amending a number of standards, of which the following are relevant to the company: IFRS 9, 'Financial Instruments' to clarify the fees that should be included in the 10% test for derecognition of financial liabilities; IFRS 16, 'Leases', which was amended to remove the reimbursement of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives. The adoption of this amendment is not expected to have a significant impact on the group.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd)**

**New standards, amendments and interpretations not yet effective and not early adopted (cont'd)**

**Amendments to IAS 1 and IAS 8 on the definition of material (effective for accounting periods beginning on or after 1 January 2023).** These amendments to IAS 1 'Presentation of Financial Statements', and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', and consequential amendments to other IFRSs: (i) use a consistent definition of materiality throughout IFRSs and the conceptual Framework for Financial Reporting; (ii) clarify the explanation of the definition of material; and (iii) incorporate some of the guidance in IAS 1 about immaterial information. The adoption of this standard is not expected to have a significant impact on the group.

**Amendment to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', (effective for accounting periods beginning on or after 1 January 2022).** This amendment clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract. The adoption of this amendment is not expected to have a significant impact on the group.

**Amendment to IFRS 3, 'Business Combinations', (effective for accounting periods beginning on or after 1 January 2022).** This amendment updates the reference to the Conceptual Framework for Financial Reporting and adds an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37, Provisions, Contingent Liabilities and Contingent Assets' and Interpretation 21, 'Levies'. The amendment also confirms that contingent assets should not be recognized at the acquisition date. The group will apply this amendment to future business combinations.

The group does not expect any other standards or interpretations issued by the IASB, but not yet effective, to have a material effect on its financial position.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(b) **Basis of consolidation**

A subsidiary is an enterprise controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The financial statements of the subsidiary are included in the consolidated financial statements from the date control commences until the date that control ceases. The consolidated financial statements include the financial statements of the company and its wholly-owned subsidiary, Indies Pharma Business Park Limited. The company and its subsidiary are collectively referred to as the group. The parent company currently administers the affairs of the subsidiary, handles its banking transactions and bears the related expenses. Balances and transactions between companies within the group, and any unrealized gains arising from those transactions, are eliminated in preparing the consolidated financial statements.

(c) **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.

**INDIES PHARMA JAMAICA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 OCTOBER 2022**

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(d) **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.

(e) **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.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(f) **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.

(g) **Financial instruments**

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.

**Financial assets**

(i) **Recognition and derecognition**

Financial assets are initially recognised on the settlement date, which is the date that an asset is delivered to the group. This includes regular purchases of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains all or substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognized financial assets that is created or retained by the group is recognized as a separate asset or liability.

(ii) **Classification**

The group classifies all of its financial instruments at initial recognition based on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets recorded at fair value through profit or loss (FVPL), transaction costs are added to, or subtracted from, this amount.

The group classifies its financial assets as those measured at fair value through profit or loss and amortized cost.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(g) **Financial instruments (cont'd)**

(iii) **Measurement**

**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 group 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 (e.g. trade receivables), but also incorporate 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 (SPPI). 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.

The group's financial assets measured at amortized cost comprise trade and other receivables, short term deposits and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents are carried in the statement of financial position at fair value. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand, net of bank overdraft.

(iv) **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.

# INDIES PHARMA JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2022

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(g) **Financial instruments (cont'd)**

(iv) **Impairment (cont'd)**

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.

**Financial liabilities**

The group's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the reporting date, the following items were classified as financial liabilities: payables, long term loan, related company balances and lease liabilities.

The group derecognises a financial liability when its contractual obligations expire or are discharged or cancelled.

(h) **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.

(i) **Right-of-use assets**

Right-of-use assets are initially measured at an amount equal to the initial value of the lease obligation which is subsequently, adjusted for the following items:

i) Any lease payments made at or before the commencement date, less any lease incentives received;

ii) Any initial direct costs incurred by the group;

iii) An estimate of costs to dismantle and remove the underlying asset or to restore the site on which the asset is located.

# INDIES PHARMA JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2022

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(i) **Right-of-use assets (cont'd)**

For short-term leases that have a lease term of 12 months or less and low-value assets, the group has elected to not recognize a lease obligation and right-of-use asset and instead will recognize a lease expense as permitted under IFRS 16.

Right-of-use assets are depreciated using the straight-line method from the date of commencement of the lease to the earlier of the end of the useful life of the asset or end of the lease term.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36, Impairment of Assets, which replaces the previous requirement to recognize a provision for onerous lease contracts under IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

(j) **Investment in subsidiaries**

Investment by the company in its subsidiary is stated at cost.

(k) **Dividend distribution**

Dividends are recorded as a deduction from equity and recognized as a liability in the company's financial statements in the period in which the dividends are declared or approved. In the case of interim dividends to shareholders, this is when declared by the directors and final dividends when approved by the company's shareholders.

Dividend for the year that are declared after the reporting date are dealt with in the subsequent events note.

(l) **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.

# INDIES PHARMA JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2022

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(m) **Provisions**

Provisions are recognized when the group 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.

(n) **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 group'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.

# INDIES PHARMA JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2022

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(o) **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.

(p) **Revenue recognition**

The group 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.

(q) **Intangible assets**

Intangible assets represent products being developed and are shown at cost incurred which will be amortized to profit or loss on commencement of commercial production and selling over the years on the straight line basis.

(r) **Leases**

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

Assets and liabilities arising from a lease are initially measured on a present value basis.
The right-of-use asset is depreciated using the straight line method from the commencement date to the end of the lease term.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments, less any lease incentives receivable
- Payment of penalties for terminating the lease, if the lease reflects the group exercising that option.

The lease liability is measured at amortized cost using the effective interest method.

# INDIES PHARMA JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2022

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(s) **Segment reporting**

An operating segment is a component of the group 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 group 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 group's accounting policies**

In the process of applying the group'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 group 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 group 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.

# INDIES PHARMA JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2022

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

(b) **Key sources of estimation uncertainty (cont'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 group considers the maximum contractual period over which the group 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 group is exposed to credit risk and where the credit losses would be mitigated by management actions.

# INDIES PHARMA JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2022

5. **FINANCIAL RISK MANAGEMENT:**

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

There have been no substantive changes in the group'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.

(a) **Principal financial instruments**

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

- Trade receivables
- Cash and bank balances
- Trade and other payables
- Due to and from related parties
- Bank overdraft
- Borrowings

# INDIES PHARMA JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2022

5. **FINANCIAL RISK MANAGEMENT(CONT'D):**

(b) **Financial instruments by category**

| | The Group | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| **Financial assets - loans and receivables:** | | |
| Related parties | 21,008,331 | 18,940,932 |
| Investment | 79,442,695 | 146,751,564 |
| Cash and bank balances | 234,633,949 | 187,744,545 |
| Receivables | 166,804,086 | 161,479,266 |
| **Total financial assets** | 501,889,061 | 514,916,307 |
| **Financial liabilities - at amortized cost:** | | |
| Payables | 51,391,655 | 48,185,982 |
| Loans and borrowings | 812,864,823 | 808,437,700 |
| Related parties | 24,538,994 | 46,595,363 |
| **Total financial liabilities** | 888,795,472 | 903,219,045 |

| | The Company | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| **Financial assets - loans and receivables:** | | |
| Related parties | 445,359,290 | 430,648,568 |
| Investment | 79,442,695 | 146,751,564 |
| Cash and bank balances | 234,633,949 | 187,744,545 |
| Receivables | 166,804,086 | 127,525,387 |
| **Total financial assets** | 926,240,020 | 892,670,064 |
| **Financial liabilities - at amortized cost:** | | |
| Payables | 50,586,655 | 34,869,330 |
| Loans and borrowings | 812,864,823 | 808,437,700 |
| Related parties | 24,538,994 | 44,286,781 |
| **Total financial liabilities** | 887,990,472 | 887,593,811 |

# INDIES PHARMA JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(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 group'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 group'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.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the group'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 group 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 group further manages this risk by maximizing foreign currency earnings and holding net foreign currency assets.

**Concentration of currency risk**

The group is exposed to foreign currency risk in respect of US dollar cash and bank and payables balances amounting to $219,000,383 (2021: $179,312,243) and $4,315,906 (2021: $17,901,860) respectively.

# INDIES PHARMA JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D)**

(d) **Financial risk factors (cont'd)**

(i) **Market risk (cont'd)**

**Foreign currency sensitivity**

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated cash and bank balances, accounts receivable, investments and payable balances, and adjusts their translation at the year end for 8% (2021 – 6%) depreciation and a 2% (2021 – 2%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

| | % Change in Currency Rate 2022 $ | Effect on Profit before Taxation 2022 $ | % Change in Currency rate 2021 $ | Effect on Profit before Taxation 2021 $ |
|---|---|---|---|---|
| Currency: | | | | |
| USD | -8 | 17,174,758 | -6 | 9,684,623 |
| USD | +2 | ( 4,293,690) | +2 | (3,228,208) |

**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 group to cash flow interest rate risk, whereas fixed rate instruments expose the group to fair value interest rate risk.

The group is primarily exposed to cash flow interest rate risk on its variable rate borrowings. The group 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 group. The group's short term deposits and borrowings are due to mature and re-price respectively, within 3 months of the reporting date.

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 long term borrowings as these are at a fixed rate of interest. Short term borrowings are immaterial.

(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 companies and cash and bank balances.

**Cash and bank balances**

Cash transactions are limited to high credit quality financial institutions. The group 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 group'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 group's standard payment and delivery terms and conditions are offered. The group'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.

# INDIES PHARMA JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(d) **Financial risk factors (cont'd)**

(ii) **Credit risk (cont'd)**

**Trade receivables (cont'd)**

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 group 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.

The expected loss rates are based on the group'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 group 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 are as at 31 October 2022.

| Aging | Gross Carrying Amount | Expected Loss Rate | ECL Allowance |
|---|---|---|---|
| | $ | % | $ |
| Trade receivables: | | | |
| 0-30 days | 59,369,759 | 4 | 2,636,525 |
| 31-60 days | 31,210,294 | 5 | 1,536,322 |
| 61-90 days | 6,070,231 | 9 | 543,323 |
| 90-120 days | 1,289,398 | 9 | 121,291 |
| 120 and over | 15,497,914 | 11 | 1,767,686 |
| | 113,437,596 | | 6,605,147 |

# INDIES PHARMA JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(d) **Financial risk factors (cont'd)**

(ii) **Credit risk (cont'd)**

The following table provides information about ECLs for trade receivables are as at 31 October 2022. (cont'd)

| Aging | Gross Carrying Amount | Expected Loss Rate | ECL Allowance |
|---|---|---|---|
| | $ | % | $ |
| Trade receivables (2021): | | | |
| 0-30 days | 48,818,627 | 5 | 2,403,923 |
| 31-60 days | 45,156,933 | 5 | 2,160,133 |
| 61-90 days | 5,018,784 | 10 | 504,247 |
| 90-120 days | 3,758,146 | 7 | 262,414 |
| 120 and over | 24,857,945 | 15 | 3,752,492 |
| | 127,610,435 | | 9,083,209 |

Movements in the impairment allowance for trade receivables are as follows:

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| At 1 November | 9,083,209 | 13,043,360 |
| Impairment loss during the year | (2,478,062) | ( 3,960,151) |
| At 31 October | 6,605,147 | 9,083,209 |

(iii) **Liquidity risk**

Liquidity risk is the risk that the group 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.

# INDIES PHARMA JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(d) **Financial risk factors (cont'd)**

(iii) **Liquidity risk (cont'd)**

**Liquidity risk management process**

The group's liquidity risk management process, as carried out within the group 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 group's financial liabilities based on contractual rights and obligations as well as expected maturity.
**Cash flows of financial liabilities**

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

| | The Group | | | | |
|---|---|---|---|---|---|
| | Within 1 Year J$ | 1 to 2 Years J$ | 2 to 5 Years J$ | Over 5 Years J$ | Total J$ |
| **31 October 2022** | | | | | |
| Payables | 51,391,655 | - | - | - | 51,391,655 |
| Loan term borrowing | 56,350,000 | 56,350,000 | 861,350,000 | - | 974,050,000 |
| Short term loans | 7,864,823 | - | - | - | 7,864,823 |
| Related companies | - | - | - | 24,538,994 | 24,538,994 |
| **Total financial liabilities (contractual maturity dates)** | 115,606,478 | 56,350,000 | 861,350,000 | 24,538,994 | 1,057,845,472 |
| **31 October 2021** | | | | | |
| Payables | 48,185,982 | - | - | - | 48,185,982 |
| Loan term borrowing | 56,350,000 | 56,350,000 | 917,700,000 | - | 1,030,400,000 |
| Short term borrowings | 3,437,700 | - | - | - | 3,437,700 |
| Related companies | - | - | - | 46,595,363 | 46,595,363 |
| **Total financial liabilities (contractual maturity dates)** | 107,973,682 | 56,350,000 | 917,700,000 | 46,595,363 | 1,128,619,045 |

# INDIES PHARMA JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2022

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(a) **Financial risk factors (cont'd)**

(iii) **Liquidity risk (cont'd)**

| | The Company | | | | |
|---|---|---|---|---|---|
| | Within 1 Year J$ | 1 to 2 Years J$ | 2 to 5 Years J$ | Over 5 Years J$ | Total J$ |
| **31 October 2022** | | | | | |
| Payables | 50,586,655 | - | - | - | 50,586,655 |
| Loan term borrowing | 56,350,000 | 56,350,000 | 861,350,000 | - | 974,050,000 |
| Short term loans | 7,864,823 | - | - | - | 7,864,823 |
| Related companies | - | - | - | 24,538,994 | 24,538,994 |
| **Total financial liabilities (contractual maturity dates)** | 114,801,478 | 56,350,000 | 861,350,000 | 24,538,994 | 1,057,040,472 |
| **31 October 2021** | | | | | |
| Payables | 47,485,982 | - | - | - | 47,485,982 |
| Loan term borrowing | 56,350,000 | 56,350,000 | 917,700,000 | - | 1,030,400,000 |
| Short term loans | 3,437,700 | - | - | - | 3,437,700 |
| Related companies | - | - | - | 44,286,781 | 44,286,781 |
| **Total financial liabilities (contractual maturity dates)** | 107,273,682 | 56,350,000 | 917,700,000 | 44,286,781 | 1,125,610,463 |

(iv) **Capital management**

The group's objectives when managing capital are to safeguard the group'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 group 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 group 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.

# INDIES PHARMA JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2022

6. **REVENUE:**

| | The Group and the Company | |
|---|---|---|
| | **2022** | **2021** |
| | $ | $ |
| Sale and distribution of pharmaceutical products | 937,282,761 | 846,832,692 |

7. **OTHER OPERATING INCOME:**

| | The Group and the Company | |
|---|---|---|
| | **2022** | **2021** |
| | $ | $ |
| Interest received | 945,902 | 4,835,943 |
| Commission | - | 8,522 |
| Insurance claim | 701,890 | - |
| Credit card cash back | - | 203,766 |
| Gain on disposal of fixed assets | 1,877,500 | 2,397,248 |
| Miscellaneous | 312,343 | 47,547 |
| | 3,837,635 | 7,493,026 |

# INDIES PHARMA JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2022

### 8. EXPENSES BY NATURE:

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

| | The Group | |
|---|---|---|
| | | Restated* |
| | 2022 | 2021 |
| | $ | $ |
| Cost of sales recognized as an expense | 281,465,031 | 295,901,204 |
| Salaries, wages and statutory contributions | 156,551,856 | 145,961,611 |
| Directors' fees | 4,069,997 | 2,930,000 |
| Telephone | 4,973,056 | 4,881,624 |
| Electricity | 5,852,478 | 6,822,877 |
| Water rates | 431,208 | 927,027 |
| Rent | 1,453,386 | - |
| Audit and accounting fees - | | |
| Current year | 5,514,127 | 3,864,702 |
| Prior year | - | ( 95,250) |
| Subscription and donations | 2,027,523 | 258,466 |
| Gifts | 841,165 | 2,347,274 |
| Printing, stationery and office supplies | 4,560,651 | 5,414,489 |
| Security | 1,952,974 | 1,615,428 |
| Insurance | 10,252,945 | 8,809,265 |
| Repairs and maintenance – furniture and equipment | 9,211,631 | 6,657,832 |
| Maintenance fee - building | 11,437,147 | 11,558,836* |
| Trade licence, registration fee and trademark | 748,480 | 1,187,000 |
| Bank charges | 2,217,325 | 2,587,785 |
| Staff welfare | 5,916,083 | 5,384,731 |
| Legal and professional fees | 13,414,634 | 10,038,298 |
| Property taxes | 764,600 | 1,762,423 |
| Drug permit | 10,000 | 310,200 |
| Interest and penalty | 229,295 | 1,164,714 |
| Cleaning and Sanitation | 99,835 | 141,900 |
| Contract labour | 940,312 | 1,161,817 |
| Advertising and promotion | 4,980,990 | 6,501,309 |
| Packaging | 460,642 | 281,682 |
| Expected credit losses, net of recoveries | 609,424 | ( 278,369) |
| Postage and delivery | 566,587 | 411,808 |
| Motor vehicles, travel and entertainment | 48,658,860 | 36,678,254 |
| Royalties | 20,575,942 | 14,508,454 |
| Miscellaneous | 700,388 | 2,012 |
| Depreciation | 56,841,143 | 53,731,770 |
| | 658,329,715 | 633,431,173* |

# INDIES PHARMA JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2022

8. **EXPENSES BY NATURE (CONT'D):**

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

| | The Company | |
|---|---|---|
| | | **Restated*** |
| | **2022** | **2021** |
| | $ | $ |
| Cost of sales recognized as an expense | 281,465,031 | 295,901,204 |
| Salaries, wages and statutory contributions | 156,551,856 | 145,961,611 |
| Directors' fees | 4,069,997 | 2,930,000 |
| Telephone | 4,973,056 | 4,881,624 |
| Electricity | 5,852,478 | 6,822,877 |
| Water rates | 431,208 | 927,027 |
| Rent | 1,453,386 | - |
| Audit and accounting fees - | | |
| Current year | 4,686,627 | 3,164,702 |
| Subscription and donations | 2,027,523 | 258,466 |
| Gifts | 841,165 | 2,347,274 |
| Printing, stationery and office supplies | 4,560,651 | 5,414,489 |
| Security | 1,952,974 | 1,615,428 |
| Insurance | 10,252,945 | 8,809,265 |
| Repairs and maintenance – furniture and equipment | 9,211,631 | 6,657,832 |
| Maintenance fee - building | 11,437,147 | 11,558,836* |
| Trade licence, registration fee and trademark | 748,480 | 1,187,000 |
| Bank charges | 2,217,325 | 2,587,785 |
| Staff welfare | 5,916,083 | 5,384,731 |
| Legal and professional fees | 13,335,664 | 9,631,298 |
| Drug permit | 10,000 | 310,200 |
| Interest and penalty | 229,295 | 1,164,714 |
| Cleaning and Sanitation | 99,835 | 141,900 |
| Contract labour | 940,312 | 1,161,817 |
| Advertising and promotion | 4,980,990 | 6,501,309 |
| Packaging | 460,642 | 281,682 |
| Expected credit losses - net of recoveries | 609,424 | ( 278,369) |
| Postage and delivery | 566,587 | 411,808 |
| Motor vehicles, travel and entertainment | 48,658,860 | 36,678,254 |
| Royalties | 20,575,942 | 14,508,454 |
| Miscellaneous | 190,485 | 2,012 |
| Depreciation | 56,841,143 | 53,731,770 |
| | 656,148,742 | 630,657,000 |

# INDIES PHARMA JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2022

### 9. FINANCE COSTS:

| | The Group and the Company | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| Interest expense | 60,251,719 | 67,790,597 |

### 10. TAXATION EXPENSE:

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

| | The Group and the Company | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| Prior year under provision | - | - |
| Deferred taxation | - | - |
| Taxation charge in statement of profit or loss and other comprehensive income | - | - |

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

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| Profit before taxation | 220,791,265 | 167,867,389 |
| Tax calculated at the applicable tax rates | 55,197,816 | 41,966,847 |
| Adjusted for the effects of: | | |
| Expenses not deductible for tax purposes | 14,872,702 | 8,457,881 |
| Net effects of other charges and allowances | ( 2,801,895) | ( 1,859,060) |
| Remission of taxes | ( 67,268,623) | ( 48,565,668) |
| Taxation charge in statement of profit or loss and other comprehensive income | - | - |

As a result of the company's listing on the Junior Market of the Jamaica Stock Exchange effective August 2018, 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: (August 2018 – July 2023) 100%
Years 6 – 10: (August 2023 – July 2028) 50%

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

# INDIES PHARMA JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2022

11. **EARNINGS PER STOCK UNIT:**

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Net profit attributable to stockholders ($) | 220,791,265 | 167,867,389 |
| Weighted average number of stock unit in issue | 1,332,536,649 | 1,332,536,649 |
| Earnings per stock unit (cents per share) | 17¢ | 13¢ |

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.

12. **INTANGIBLE ASSETS:**

Intangibles relate to two pharmaceutical drugs being developed by the company through an agreement with KP Pharmaceutical Technology Inc.

13. **RIGHT-OF-USE ASSETS:**

(i) **Amounts recognised in the statement of financial position.**

(a) The statement of financial position shows the following amounts relating to leases:

| | The Group and the Company<br>2022<br>$ | The Group and the Company<br>2021<br>$ |
|---|---|---|
| **Right-of-use assets** | | |
| Building - | | |
| Balance at beginning of year | 39,620,932 | 77,222,845 |
| Depreciation | 37,601,916 | 37,601,913 |
| Balance at 31 October | 2,019,016 | 39,620,932 |

# INDIES PHARMA JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2022

13. **RIGHT-OF-USE ASSETS (CONT'D):**

(ii) **Amounts recognised in the statement of profit or loss**

The statement of comprehensive income shows the following amounts relating to leases:

Depreciation charge on right-of-use assets

| | The Group and the Company 2022 $ | The Group and the Company 2021 $ |
|---|---|---|
| Buildings | 37,601,916 | 37,601,913 |

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability.
- Any lease payments made at the commencement date less any lease incentives received.

Right-of-use assets are generally depreciated over the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

(iii) The company currently has long term lease agreements related to buildings.

(a) **Amounts recognised in the statement of financial position.**

The statement of financial position shows the following amounts relating to leases:

| | The Group and the Company 2022 $ | The Group and the Company Restated 2021 $ |
|---|---|---|
| **Lease liabilities -** | | |
| Contractual discounted cash flows | 2,469,606 | 46,577,753* |
| Less: Current portion | (1,220,083) | (46,577,753) |
| Non-Current | 1,249,523 | - |

# INDIES PHARMA JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2022

13. **RIGHT-OF-USE ASSETS (CONT'D):**

(b) **Amounts recognised in the statement of profit or loss**

The statement of comprehensive income shows the following amounts relating to leases:

| | The Group and the Company 2022 $ | The Group and the Company 2021 $ |
|---|---|---|
| Interest expense | 4,056,136 | 6,417,297 |

**Incremental borrowing rate**

The incremental borrowing rate is derived using recent third-party financing received by bankers as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and makes adjustments specific to the lease, e.g. term, country, currency and security.

The weighted average rate applied is 8%.

14. **INVESTMENT IN SUBSIDIARY:**

The company owns 100% of the shares of Indies Pharma Business Park Limited and is stated at cost.

15. **INVESTMENT:**

This represents participation in an indexed linked US$ note issued by Proven Investments Limited which matures 16 April 2024 and earns interest at 3.25% per annum.

**INDIES PHARMA JAMAICA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 OCTOBER 2022**

16. **PROPERTY, PLANT AND EQUIPMENT:**

| | The Group | | | | | | |
|---|---|---|---|---|---|---|---|
| **Year ended 31 October 2022** | Land | Leasehold Improvements & Building | Furniture, Fixtures & Equipment | Computer | Motor Vehicles | Signs | Total |
| | $ | $ | $ | $ | $ | $ | $ |
| Net book value - | | | | | | | |
| 1 November 2021 | 792,700,000 | 118,813,144 | 8,232,849 | 3,540,346 | 16,966,581 | 1 | 940,252,921 |
| Additions | - | 8,258,767 | 9,300,000 | 680,050 | 8,130,435 | - | 26,369,252 |
| Depreciation | - | ( 10,170,360) | ( 1,166,446) | ( 1,075,007) | ( 6,827,414) | - | ( 19,239,227) |
| 31 October 2022 | 792,700,000 | 116,901,551 | 16,366,403 | 3,145,389 | 18,269,602 | 1 | 947,382,946 |
| At cost or valuation | 792,700,000 | 146,794,619 | 24,015,355 | 15,282,784 | 79,229,271 | 63,401 | 1,058,085,430 |
| Depreciation | - | ( 29,893,068) | ( 7,648,952) | (12,137,395) | (60,959,669) | (63,400) | ( 110,702,484) |
| 31 October 2022 | 792,700,000 | 116,901,551 | 16,366,403 | 3,145,389 | 18,269,602 | 1 | 947,382,946 |
| **Year ended 31 October 2021** | | | | | | | |
| Net book value - | | | | | | | |
| 1 November 2020 | 504,236,799 | 111,036,040 | 1,162,727 | 437,798 | 10,908,449 | 1 | 627,781,814 |
| Disposal | - | - | - | - | ( 578,752) | - | ( 578,752) |
| Additions | - | 15,867,312 | 7,869,778 | 3,979,425 | 13,000,000 | - | 40,716,515 |
| Revaluation | 288,463,201 | - | - | - | - | - | 288,463,201 |
| Depreciation | - | ( 8,090,208) | ( 799,656) | ( 876,877) | ( 6,363,116) | - | ( 16,129,857) |
| 31 October 2021 | 792,700,000 | 118,813,144 | 8,232,849 | 3,540,346 | 16,966,581 | 1 | 940,252,921 |
| At cost or valuation | 792,700,000 | 138,535,852 | 14,715,355 | 14,602,734 | 71,098,836 | 63,401 | 1,031,716,178 |
| Depreciation | - | ( 19,722,708) | ( 6,482,506) | (11,062,388) | (54,132,255) | (63,400) | ( 91,463,257) |
| 31 October 2021 | 792,700,000 | 118,813,144 | 8,232,849 | 3,540,346 | 16,966,581 | 1 | 940,252,921 |

**INDIES PHARMA JAMAICA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 OCTOBER 2022**

16. **PROPERTY, PLANT AND EQUIPMENT (CONT'D):**

| | The Company | | | | | | |
|---|---|---|---|---|---|---|---|
| **Year ended 31 October 2022** | Land<br>$ | Leasehold Improvements & Building<br>$ | Furniture, Fixtures & Equipment<br>$ | Computer<br>$ | Motor Vehicles<br>$ | Signs<br>$ | Total<br>$ |
| Net book value - | | | | | | | |
| 1 November 2021 | 27,700,000 | 113,393,914 | 8,232,849 | 3,540,346 | 16,966,581 | 1 | 169,833,691 |
| Additions | - | - | 9,300,000 | 680,050 | 8,130,435 | - | 18,110,485 |
| Depreciation | - | ( 10,170,360) | ( 1,166,446) | ( 1,075,007) | ( 6,827,414) | - | ( 19,239,227) |
| 31 October 2022 | 27,700,000 | 103,223,554 | 16,366,403 | 3,145,389 | 18,269,602 | 1 | 168,704,949 |
| At cost or valuation | 27,700,000 | 133,116,622 | 24,015,355 | 15,282,784 | 76,929,271 | 63,401 | 277,107,433 |
| Depreciation | - | ( 29,893,068) | ( 7,648,952) | (12,137,395) | (58,659,669) | (63,400) | ( 108,402,484) |
| 31 October 2022 | 27,700,000 | 103,223,554 | 16,366,403 | 3,145,389 | 18,269,602 | 1 | 168,704,949 |
| **Year ended 31 October 2021** | | | | | | | |
| Net book value - | | | | | | | |
| 1 November 2020 | 27,700,000 | 111,036,040 | 1,162,727 | 437,798 | 10,908,449 | 1 | 151,245,015 |
| Disposal | - | - | - | - | ( 578,752) | - | ( 578,752) |
| Additions | - | 10,448,082 | 7,869,778 | 3,979,425 | 13,000,000 | - | 35,297,285 |
| Depreciation | - | ( 8,090,208) | ( 799,656) | ( 876,877) | ( 6,363,116) | - | ( 16,129,857) |
| 31 October 2021 | 27,700,000 | 113,393,914 | 8,232,849 | 3,540,346 | 16,966,581 | 1 | 169,833,691 |
| At cost or valuation | 27,700,000 | 133,116,622 | 14,715,355 | 14,602,734 | 71,098,836 | 63,401 | 261,296,948 |
| Depreciation | - | ( 19,722,708) | (6,482,506) | (11,062,388) | (54,132,255) | (63,400) | ( 91,463,257) |
| 31 October 2021 | 27,700,000 | 113,393,914 | 8,232,849 | 3,540,346 | 16,966,581 | 1 | 169,833,691 |

# INDIES PHARMA JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2022

17. **RELATED PARTY TRANSACTIONS AND BALANCES:**

(a) **Transactions between the company and its related company**

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| Mercury wireless Limited – | | |
| Rental and maintenance expenses | 57,832,499 | 55,255,096 |

(b) **Key management compensation –**

| | The Group and the Company | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| Salaries and other short-term benefits | 23,320,000 | 22,770,000 |
| Directors' emoluments – | | |
| Directors' fees | 4,069,997 | 2,930,000 |
| Management remuneration (above) | 23,320,000 | 22,770,000 |

(c) **Year end balances arising from transactions with related companies**

| | The Group | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| Due from – | | |
| Mercury Wireless Limited | 21,008,331 | 18,940,932 |
| | 21,008,331 | 18,940,932 |
| Directors' current account | 41,021,964 | 756,146 |

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

| | | |
|---|---|---|
| Due to – | | |
| Bioprist Holdings Limited | - | 28,351,784 |
| Hanolu GVM Limited | - | 27,025 |
| Bioprist Las America Limited | 24,538,994 | 18,216,554 |
| | 24,538,994 | 46,595,363 |

(i) The group is related to the above companies by having similar ownership and/or management control. Balances due from and/or due to these groups have no fixed repayment terms and are interest free. There are guarantees given by related parties for loans extended to the group and not repayable before 31 October 2023.

(ii) The amounts due from/to related companies represent loans and expenses paid on their behalf.

# INDIES PHARMA JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2022

17. **RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):**

(c) **Year end balances arising from transactions with related companies (cont'd)**

| | The Company | |
|---|---|---|
| | 2021 | 2021 |
| | $ | $ |
| Due from – | | |
| Indies Pharma Business Park Limited | 423,891,986 | 420,775,352 |
| Mercury Wireless Limited | 21,467,304 | - |
| Bioprist Holdings Limited | - | 9,873,216 |
| | 445,359,290 | 430,648,568 |
| The directors' current account | 41,021,964 | 756,146 |

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

| | | |
|---|---|---|
| Due to – | | |
| Bioprist Las America Limited | 24,538,994 | 18,216,554 |
| Mercury Wireless Limited | - | 26,043,202 |
| Hanolu GVM Limited | - | 27,025 |
| | 24,538,994 | 44,286,781 |

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 fixed repayment terms and are interest free. There are guarantees given by related parties for loans extended to the company and not repayable before 31 October 2023.

18. **RECEIVABLES:**

| | The Group and the Company | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| Trade receivables | 113,437,596 | 127,610,435 |
| Less: Expected credit losses | ( 6,605,147) | ( 9,083,209) |
| | 106,832,449 | 118,527,226 |
| Prepayments | 57,609,177 | 36,310,774 |
| Other | 2,362,460 | 6,641,266 |
| | 166,804,086 | 161,479,266 |

# INDIES PHARMA JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2022

19. **DIRECTORS' CURRENT ACCOUNT:**

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

20. **CASH AND CASH EQUIVALENTS:**

| | The Group and the Company | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| Cash and bank balances - | | |
| Petty cash | 200,000 | 201,122 |
| Cash on hand | 3,218,330 | 686,738 |
| National Commercial Bank Jamaica Limited – Foreign Currency Account | 6,342,598 | 27,173,245 |
| National Commercial Bank Jamaica Limited – Current Account | 10,274,498 | 4,432,140 |
| National Commercial Bank Jamaica Limited – Savings Account | 157,584,620 | 108,835,051 |
| Sagicor Bank Jamaica Limited – Current Account | 1,940,739 | 592,205 |
| Sagicor Bank Jamaica Limited – Savings Account | 53,231,749 | 44,829,135 |
| Sagicor Bank Jamaica Limited – Foreign Currency Savings Account | 1,841,415 | 994,909 |
| | 234,633,949 | 187,744,545 |
| Bank overdraft (note 25) | ( 995,306) | - |
| | 233,638,643 | 187,744,545 |

Bank overdraft in the prior year represents unpresented cheques at year end.

21. **SHARE CAPITAL:**

| | The Group and the Company | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| 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 |

# INDIES PHARMA JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2022

### 22. CAPITAL RESERVE:

| | The Group | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| At 1 November 2022 | 458,484,190 | 182,337,065 |
| Movement during year – | | |
| Reclassification | - | ( 12,316,076) |
| Revaluation gain on property, plant and equipment | - | 288,463,201 |
| At 31 October 2022 | 458,484,190 | 458,484,190 |
| Representing – | | |
| Revaluation surplus on land and building | 458,484,190 | 458,484,190 |

| | The Company | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| At 1 November 2021 | 99,307,105 | 99,307,105 |
| Movement during year – | | |
| Profit on disposal of fixed assets | - | - |
| At 31 October 2022 | 99,307,105 | 99,307,105 |
| Representing – | | |
| Revaluation surplus on land and building | 99,307,105 | 99,307,105 |

# INDIES PHARMA JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2022

### 23. LONG TERM LOAN:

| | The Group and the Company | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| 7% Bond 2025 | 805,000,000 | 805,000,000 |

On September 8, 2020 the company issued a private bond of $805,000,000. The Bond matures September 2025 and has a fixed rate of 7% per annum with interest payable quarterly.

The Bond is secured by mortgage by way of guarantee over the property owned by Indies Pharma Business Park Limited; Debenture over all floating and fixed assets of the company; Deed of Subordination issued by the company for all inter-company and shareholders' loans and advances, as well as maintenance of a Debt Service Reserve Account funded with a minimum of three (3) months' interest payments payable under the Bond.

### 24. PAYABLES:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $ | $ | $ | $ |
| Trade payables | 16,311,831 | 34,869,330 | 16,311,831 | 34,869,330 |
| Other payables and accruals | 35,079,824 | 13,316,652 | 34,274,824 | 12,616,652 |
| | 51,391,655 | 48,185,982 | 50,586,655 | 47,485,982 |

### 25. SHORT TERM BORROWINGS:

| | The Group and the Company | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| National Commercial Bank Jamaica Limited – Bank overdraft | 995,306 | - |
| National Commercial Bank Jamaica Limited – Credit Card Account | 3,437,208 | 3,298,865 |
| Sagicor Bank Jamaica Limited - Credit Card Account | 3,432,309 | 138,835 |
| | 7,864,823 | 3,437,700 |

Bank overdraft represents unpresented cheques at year end.

# INDIES PHARMA JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2022

26. **DIVIDENDS:**

| | The Group and the Company | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| Dividends paid at 11¢ (2021 - 11¢) per stock unit | 150,576,641 | 146,579,031 |

27. **STAFF COSTS:**

Staff costs for the year amounted to $156,551,856 - (2021 – $145,961,611), while the number of employees at year end was sixty-six (66) (2021 – 68).

28. **IMPACT OF COVID-19:**

The World Health Organization declared the novel Coronavirus (COVID-19), outbreak a pandemic on 11 March 2020. The pandemic and the measures to control its human impact have resulted in disruptions to economic activities and business operations. This could have negative financial effects on the group, depending on factors such as the duration and spread of the outbreak and the effects on the business sector, all of which are highly uncertain and cannot be estimated reliably. During the year material prices and shipping costs escalated, while the company maintained its current price throughout the year.

At the date of approval of these financial statements, the group will continue to monitor the overall business operations, ensuring special attention will be given to ensure strict cost and cash management are being controlled to mitigate any further unfavourable effects. The company's revenue performance has improved over the previous year and management anticipates this trend to continue.

29. **RESTATEMENT OF PRIOR YEAR BALANCES:**

**Maintenance fee**

In prior year, the group recognized maintenance fee as part of lease payments toward lease liability. This has resulted in maintenance fee being understated.

# INDIES PHARMA JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2022

### 29. RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):

Effects on the group's consolidated statement of profit and loss and other comprehensive income at 31 October 2021 (extract)

| | As Previously Reported<br>$ | Effect of Restatement<br>$ | As Restated<br>$ |
|---|---|---|---|
| Administrative and other expenses | (326,832,987) | (10,696,982) | (337,529,969) |
| Net of other items not affected by the restatement | 505,397,358 | - | (505,397,358) |
| NET PROFIT FOR THE YEAR | 178,564,371 | (10,696,982) | 167,867,389 |
| **OTHER COMPREHENSIVE INCOME:** | | | |
| Gain on revaluation of fixed assets | 288,463,201 | - | 288,463,201 |
| Total other comprehensive income | 288,463,201 | - | 288,463,201 |
| TOTAL COMPREHENSIVE INCOME | 467,027,572 | (10,696,982) | 456,330,590 |

Effects on the group's consolidated statement of financial position 31 October 2021 (extract)

| | As Previously Reported<br>$ | Effect of Restatement<br>$ | As Restated<br>$ |
|---|---|---|---|
| **TOTAL ASSETS NOT AFFECTED BY THE RESTATEMENT** | 2,036,545,837 | - | 2,036,545,837 |
| **EQUITY AND LIABILIITES** | | | |
| **EQUITY:** | | | |
| Share capital | 244,576,999 | - | 244,576,999 |
| Capital reserve | 458,484,190 | - | 458,484,190 |
| Retained earnings | 404,126,525 | (20,438,675) | 383,687,850 |
| | 1,107,187,714 | (20,438,675) | 1,086,749,039 |
| | 851,595,363 | - | 851,595,363 |
| **LIABILIITES** | | | |
| Items not affected by the restatement | 903,219,045 | - | 903,219,045 |
| Current portion of lease liabilities | 26,139,078 | 20,438,675 | 46,577,753 |
| | 929,358,123 | 20,438,675 | 949,796,798 |
| **TOTAL EQUITY AND LIABILITIES** | 2,036,545,837 | - | 2,036,545,837 |

# INDIES PHARMA JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2022

29. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Effects on the group's consolidated statement of cash flows at 31 October 2021 (extract)

| | As Previously Reported $ | Effect of Restatement $ | As Restated $ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | | |
| Profit for the year | 178,564,371 | (10,696,982) | 167,867,389 |
| Net of other items not affected by the restatement | 198,613,263 | - | 198,613,263 |
| Cash provided by operating activities | 377,177,634 | - | 366,480,652 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | | |
| Net of other items not affected by the restatement | (235,086,295) | - | (235,086,295) |
| Cash used in investing activities | (235,086,295) | - | (235,086,295) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | | |
| Net of other items not affected by the restatement | (207,353,067) | - | (207,353,067) |
| Lease payment/liabilities | ( 57,329,991) | 10,696,982 | ( 46,633,009) |
| Cash used in financing activities | (264,683,058) | 10,696,982 | (253,986,076) |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS** | (122,591,719) | | (122,591,719) |
| Cash and cash equivalents at beginning of year | 310,336,264 | - | 310,336,264 |
| **CASH AND CASH EQIVALENTS AT END OF YEAR** | 187,744,545 | - | 187,744,545 |

Effects on the company's statement of profit and loss and other comprehensive income at 31 October 2021 (extract)

| | As Previously Reported $ | Effect of Restatement $ | As Restated $ |
|---|---|---|---|
| Administrative and other expenses | (324,058,814) | (10,696,982) | (334,755,796) |
| Net of other items not affected by the restatement | 505,397,358 | - | 505,397,358 |
| NET PROFIT BEFORE TAXATION | 181,338,544 | (10,696,982) | 170,641,562 |
| Taxation | - | - | - |
| TOTAL COMPREHENSIVE INCOME | 181,338,544 | (10,696,982) | 170,641,562 |

# INDIES PHARMA JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 31 OCTOBER 2022

29. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Effects on the company's statement of financial position at 31 October 2021 (extract)

| | As Previously Reported $ | Effect of Restatement $ | As Restated $ |
|---|---|---|---|
| **TOTAL ASSETS NOT AFFECTED BY THE RESTATEMENT** | 1,677,834,343 | - | 1,677,834,343 |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY:** | | | |
| Share capital | 244,576,999 | - | 244,576,999 |
| Capital reserve | 99,307,105 | - | 99,307,105 |
| Retained earnings | 407,600,698 | (20,438,675) | 387,162,023 |
| | 751,484,802 | (20,438,675) | 731,046,127 |
| **LIABILITIES:** | | | |
| Items not affected by restatement | 900,210,463 | - | 900,210,463 |
| Current portion of lease liabilities | 26,139,078 | 20,438,675 | 46,577,753 |
| | 926,349,541 | - | 946,788,216 |
| | 1,677,834,343 | - | 1,677,834,343 |

Effects on the company's statement of cash flows at 31 October 2021 (extract)

| | As Previously Reported $ | Effect of Restatement $ | As Restated $ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | | |
| Profit for the year | 181,338,544 | (10,696,982) | 170,641,562 |
| Net of other items not affected by restatement | 190,419,860 | - | 190,419,860 |
| Cash provided by operating activities | 371,758,404 | (10,696,982) | 361,061,422 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | | |
| Net of other items not affected by restatement | (229,667,065) | - | (229,667,065) |
| Cash used in investing activities | (229,667,065) | - | (229,667,065) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | | |
| Net of other items not affected by restatement | (207,353,067) | - | (207,353,067) |
| Lease payment/liabilities | ( 57,329,991) | 10,696,982 | ( 46,633,009) |
| Cash used in financing activities | (264,683,058) | 10,696,982 | (253,986,076) |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS** | (122,591,719) | | (122,591,719) |
| Cash and cash equivalents at beginning of year | 310,336,264 | - | 310,336,264 |
| **CASH AND CASH EQIVALENTS AT END OF YEAR** | 187,744,545 | - | 187,744,545 |