

## **RELEASE TO SHAREHOLDERS**

The Board of Directors of Medical Disposables and Supplies Limited (MDS) is pleased to present the unaudited financial statements for the nine months ending December 31, 2013.

We take this opportunity to thank all stakeholders and shareholders who made our Initial Public Offering and listing on the Junior Market of the Jamaica Stock Exchange a success.

### **FINANCIAL HIGHLIGHTS**

#### **Third Quarter Ended December 31, 2013 compared to December 31, 2012**

- Sales revenues of \$236m compared with \$205m; an increase of \$31m or 15%
- Gross profit of \$57.7m compared to \$46.9m; an increase of \$10.8m or 23%
- Gross profit percentage of 24.5% compared to 22.8%; an increase of 1.7%

The increase in our GP % was driven mainly by a change in the sales mix and competitive price adjustments made in November 2013

- Profit before taxation of \$15.6m compared to \$15.4m; an increase of \$0.2m or 1.3%.
- Operational costs of \$37.6m compared to \$25.8m; an increase of \$11.8m or 45.7%.

Despite the increases in operational costs in the quarter ending December 31, 2013, expenses were tightly managed and held at 15.9% and 12.6% respectively for the current and previous year. Prior to the TAJ's approval on September 16, 2013 for the change in the financial year end to March 31, all the financial years up to 2013 ended on December 31. The quarter ended December 31, 2012 therefore included year end adjustments which affected the comparison with the quarterly results for December 31, 2013.



**Nine Months Ended December 31, 2013 compared to December 31, 2012**

- Sales revenue of \$664.9m compared to \$564.1m; an increase of \$100.8m or 17.9%
- Gross profit of \$164m compared to \$131.5m; an increase of \$32.5m or 24.7%
- Gross profit percentage of 24.7% compared to 23.3%; an increase of 1.4%
- Profit before taxation of \$48.1m compared to \$34.1m; an increase of \$14m or 41%
- Operational costs was \$100m compared to \$83m; an increase of \$17m or 20%

Expenses were tightly managed and held at 15% and 14.8% respectively over the similar period for the previous year. This was against the background of increases in staff related costs, transportation and delivery costs, repairs and maintenance and motor vehicles expenses

- Finance costs was \$14.4m compared to \$12.6m; an increase of \$1.8m or 14.3%

The increase was due mainly to the devaluation of the Jamaican dollar which resulted in an increase in the US\$ loan interest payments

- Current ratio (Liquidity) 2.7 compared to 1.7; an improvement of 59%

The relative increase in liquidity was driven mainly by the proceeds from the successful IPO as well as improvements in collections from a larger receivables portfolio

- Inventory days of 87 compared to 100

The company has been able to reduce the number days inventory without jeopardizing the level of sales to customers



## UNAUDITED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2013

- Trade receivable days of 77 compared to 71; a reduction in the collection rate of 6 days.

With the growth in our receivables portfolio, a Credit and Collection Officer has been put in place to work with sales representatives and customers to improve this efficiency

- Trade payables days of 57 compared to 63; a faster payment rate of 6 days.

With the improvement in liquidity, the company's payments pattern was also improved, while a change in the credit policy of one of our main suppliers has resulted in a reduction in their payables balance

- Debt ratio of 0.49 compared to 0.67 indicates that there has been a reduction of risk and just under half the company's assets are financed through debts

### ADDITIONAL INFORMATION

MDS has signed a distribution agreement with Denk Pharma. Denk Pharma is a premium Pharmaceutical company with its headquarters in Munich, Germany since 1948 where its products are manufactured, quality controlled and registered.

Denk Pharma has maintained a presence in Jamaica for sixteen (16) years and has appointed the company co distributor for its entire range of products islandwide.

Distribution of these new products will start in the fourth quarter.

A handwritten signature in black ink, appearing to read 'Winston Boothe'.

**Winston Boothe**  
**Chairman**




# Medical Disposables & Supplies Limited

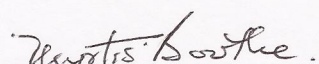
## Unaudited Statement of Financial Position

As At December 31, 2013

	Unaudited 31-Dec-13 \$	Unaudited 31-Dec-12 \$	Audited 31-Mar-13 \$
<b>Assets</b>			
<b>Non- Current Assets</b>			
Property, plant and equipment	80,728,157	74,704,955	73,638,637
<b>Current Assets</b>			
Inventories	158,470,683	155,041,942	165,123,684
Trade receivables	186,526,299	144,784,281	162,199,700
Other receivables & prepayments	16,358,538	18,065,334	22,605,101
Tax recoverable	495,213	490,056	490,952
Cash and bank balances	149,050,208	29,072,946	25,193,888
	510,900,941	347,454,559	375,613,324
<b>Total Assets</b>	<b>591,629,098</b>	<b>422,159,514</b>	<b>449,251,961</b>
<b>Equity</b>			
<b>Capital and Reserve</b>			
Share capital	107,549,446	20,000	20,000
Revaluation reserve	22,906,968	22,906,968	22,906,968
Retained profits	164,246,508	114,303,253	128,906,853
<b>Total Equity</b>	<b>294,702,922</b>	<b>137,230,221</b>	<b>151,833,821</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Shareholders' loans	-	-	19,778,000
Owing to directors	19,583,689	15,583,020	28,142,104
Interest-bearing borrowings	86,059,394	59,374,280	50,450,222
Deferred liability	34,402	280,861	34,402
	105,677,485	75,238,162	98,404,728
<b>Current Liabilities</b>			
Trade payables	110,161,083	98,866,149	91,024,684
Other payables	25,441,091	29,326,149	30,754,985
Income tax payable	24,703,661	19,220,518	21,626,964
Bank overdraft	30,942,857	62,278,315	55,606,779
	191,248,691	209,691,131	199,013,412
<b>Total Liabilities</b>	<b>296,926,176</b>	<b>284,929,293</b>	<b>297,418,140</b>
<b>Total Equity and Liabilities</b>	<b>591,629,098</b>	<b>422,159,514</b>	<b>449,251,961</b>

Approved for issue by the Board of Directors on February 6, 2014 and signed on its behalf by:

  
Director

  
Director

## Medical Disposables & Supplies Limited

### Unaudited Statement of Comprehensive Income

For the Nine Months Period Ended December

	Quarter Ended December 2013	Quarter Ended December 2012	Nine Months December 2013	Nine Months December 2012
	\$	\$	\$	\$
Revenue	236,051,672	205,362,323	664,943,174	564,158,197
Cost of sales	(178,301,231)	(158,438,576)	(500,893,570)	(432,638,812)
<b>Gross profit</b>	<b>57,750,440</b>	<b>46,923,746</b>	<b>164,049,604</b>	<b>131,519,385</b>
Administrative expenses	(28,316,694)	(20,557,697)	(70,697,839)	(56,427,358)
Selling and promotional costs	(8,198,789)	(382,631)	(25,643,810)	(19,310,387)
Other operating expenses	(1,058,652)	(4,921,707)	(3,844,842)	(7,649,123)
<b>Total Operational Costs</b>	<b>(37,574,135)</b>	<b>(25,862,035)</b>	<b>(100,186,491)</b>	<b>(83,386,868)</b>
<b>Profit after Operational Costs</b>	<b>20,176,306</b>	<b>21,061,711</b>	<b>63,863,113</b>	<b>48,132,517</b>
Finance income	10,167	545	33,616	13,232
Loss on foreign exchange	(462,060)	(2,336,770)	(1,374,132)	(1,441,779)
Finance cost	(4,123,935)	(3,291,074)	(14,376,245)	(12,624,868)
	<b>(4,575,829)</b>	<b>(5,627,300)</b>	<b>(15,716,761)</b>	<b>(14,053,415)</b>
<b>Profit before tax</b>	<b>15,600,477</b>	<b>15,434,411</b>	<b>48,146,352</b>	<b>34,079,103</b>
Tax expense	(3,900,119)	(3,858,603)	(12,326,697)	(8,490,289)
<b>Profit for the period</b>	<b>11,700,357</b>	<b>11,575,809</b>	<b>35,819,655</b>	<b>25,588,814</b>
<b>Earnings Per Share</b>	<b>\$0.15</b>	<b>\$0.15</b>	<b>\$1.40</b>	<b>\$1.00</b>



## Medical Disposables and Supplies Limited

### Unaudited Statement of Changes In Equity

For the Nine Months Period Ended December 31, 2013

	Share Capital	Revaluation Reserve	Retained Profit	Total
	\$	\$	\$	\$
Balance at April 1, 2012	20,000	22,906,968	88,714,439	111,641,407
Total comprehensive income			25,588,814	25,588,814
<b>Balance at December 31, 2012</b>	<b>20,000</b>	<b>22,906,968</b>	<b>114,303,253</b>	<b>137,230,221</b>
Balance at April 1, 2013	20,000	22,906,968	128,906,853	151,833,821
Capitalisation of reserves	480,000		(480,000)	-
Issue of shares net of transaction costs	107,529,446			107,529,446
Total comprehensive income			35,819,655	35,819,655
<b>Balance at December 31, 2013</b>	<b>108,029,446</b>	<b>22,906,968</b>	<b>164,246,508</b>	<b>295,182,922</b>

# Medical Disposables & Supplies Limited

## Unaudited Statement of Cash Flows

For The Nine Months Ended December

	December 2013	December 2012
	\$	\$
<b>Cash flows from operating activities:</b>		
Profit before tax	48,146,352	34,079,103
Adjustments for:		
Depreciation	3,579,197	3,983,361
Interest expenses	14,376,245	12,624,346
Interest income	(33,616)	(13,232)
	<u>66,068,178</u>	<u>50,673,578</u>
(Decrease)/ increase in owing to directors	(8,558,415)	7,124,865
Decrease in inventories	6,653,001	34,636,546
Increase in trade and other receivables	(18,080,037)	(29,674,510)
Increase / (decrease) in trade and other payables	<u>13,822,504</u>	<u>(49,347,141)</u>
<b>Cash generated from operations</b>	<b>59,905,232</b>	<b>13,413,337</b>
Income tax paid	(9,254,262)	(4,287,759)
Interest paid	(14,376,245)	(12,624,346)
<b>Net cash provided by/(used in) operating activities</b>	<b><u>36,274,725</u></b>	<b><u>(3,498,767)</u></b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant & equipment	(10,668,717)	(2,974,491)
Interest received	33,616	13,232
<b>Net cash used in investing activities</b>	<b><u>(10,635,101)</u></b>	<b><u>(2,961,259)</u></b>
<b>Cash flows from financing activities:</b>		
Proceeds from shares issued	107,049,446	-
Proceeds from borrowings	75,000,000	55,000,000
Repayment of borrowings	(59,168,828)	(39,741,135)
<b>Net cash provided by financing activities</b>	<b><u>122,880,618</u></b>	<b><u>15,258,865</u></b>
Net increase in cash & cash equivalents	148,520,242	8,798,839
Cash and cash equivalent at beginning of period	(30,412,891)	(42,004,208)
<b>Cash and cash equivalent at end of period</b>	<b><u>118,107,351</u></b>	<b><u>(33,205,369)</u></b>



## **Medical Disposables & Supplies Limited**

### **Notes to the Unaudited Financial Statements**

**Nine Months Ended December 31, 2013**

#### **1. Identification and activities**

Medical Disposables and Supplies Limited is a limited liability company incorporated under the Laws of Jamaica on November 27, 1998.

The company is domiciled in Jamaica with registered office located at Shop # 26, The Domes, 85 Hagley Park Road, Kingston 10.

The main activity of the company is the sale of medical disposables and supplies.

The company applied to and received permission from Tax Administration Jamaica to change the financial year end from December 31 to March 31.

The company's shares were listed on the Junior Market of the Jamaican Stock Exchange on December 24, 2013.

#### **2. Basis of preparation**

The condensed interim financial statements for the nine months ended December 31, 2013 have been prepared in accordance with IAS 34 – Interim Financial Reporting. The interim financial statements should be read in conjunction with the three months audited financial statements ended March 31, 2013 which have been prepared in accordance with IFRSs as issued by the International Accounting Standards Board (IASB).

#### **3. Accounting Policies**

There have been no changes in accounting policies since the most recent audited financial statements as at March 31, 2013.

#### **4. Taxation**

The company's shares were listed on the Junior Market of the Jamaica Stock Exchange on December 24, 2013. Consequently, the company is entitled to a remission of income taxes for ten years in the proportions set out below, provided that the shares remain listed for at least fifteen years.

Year 1 – 5	100%
Year 6 – 10	50%



## **Medical Disposables & Supplies Limited**

### **Notes to the Unaudited Financial Statements**

**Nine Months Ended December 31, 2013**

#### **5. Shareholders' Information**

	<b>No. Of Units</b>
<b>Directors' Holdings</b>	
<b>As at December 31, 2013</b>	
Winston Boothe	50,000,000
Myrtis Boothe	50,000,000
Kurt Boothe	50,000,000
Nikeisha Boothe	50,000,000
Dahlia McDaniel	546,000
<b>Top Ten Shareholders</b>	
<b>As at December 31, 2013</b>	
Winston Boothe	50,000,000
Myrtis Boothe	50,000,000
Kurt Boothe	50,000,000
Nikeisha Boothe	50,000,000
Mayberry West Indies Limited	8,882,808
Mayberry Managed Clients Account	4,645,059
Apex Pharmacy	3,496,926
Bamboo Group Holdings	3,350,631
Catherine Adella Peart	2,931,050
Manwei International Ltd.	1,627,274