



UNAUDITED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2014

**MEDICAL DISPOSABLES
& SUPPLIES LIMITED**

RELEASE TO SHAREHOLDERS

The Board of Directors of Medical Disposables and Supplies Limited (MDS) is pleased to present the unaudited financial statements for the three months ended June 30, 2014.

FIRST QUARTER FINANCIAL HIGHLIGHTS

Highlights of the quarter ended June 30, 2014

✚	Net profit	\$16.9m
✚	Earnings per stock unit	6 cents
✚	Total assets	\$634.9m
✚	Total stockholders' equity	\$369.4m

First Quarter Ended June 30, 2014 compared to June 30, 2013

- Sales revenue increased by \$52.6m or 25.7% to \$257.2m

The company generated sales revenues of \$257.2m compared to \$204.6m; an increase of \$52.6m or 25.7%. The main reason for the growth in revenue is the strategic focus on new and wider product offerings and greater market penetration.

- Gross profit increased by \$14m or 27% to \$65.6m, while gross margin efficiency increased from 25.2% to 25.5%.

Gross profit of \$65.6m compared to \$51.6m; an increase of \$14m or 27%. This improvement was due to the product sales mix, increases in sales of products with higher margins and consistent review of our pricing structure to maintain the gross margin efficiency.

- Total operational expenses increased by \$15.3m or 49.7% to \$46.1m

This increase was driven mainly by staff related expenses, professional fees and special bank charges. Staff related expenses, in particular, were driven by the strategic decision to realign the staff complement and compensation to sustain the current growth, development and expansion of the business.

- Non operational expenses decreased by \$2.3m or 56.6% to \$2.5m

This was as a result of a reduction in interest expenses of \$2m as funds raised in the Initial Public Offer were used to pay down interest bearing debt; whilst simultaneously, excess funds were placed on competitively priced interest bearing facilities to yield increased interest income of \$1.15m. The strategic intent is to utilise these funds for future expansion of the business.

- Profit for the period increased by \$5.9m or 54.6% to \$16.9m

The increase in profit was as a direct result of the improved performance in sales revenue in the period ended June 30, 2014.

First Quarter Ended June 30, 2014 compared to March 31, 2014

- Sales revenue increased by \$9.16m or 3.7% to \$257.2m

The company generated sales revenues of \$257.2m compared to \$248m; an increase of \$9.16m or 3.7%, as the product sales mix and offerings continue to drive demand for the company's products.

- Gross profit decreased by \$7.9m or 10.7% to \$65.6m, while margin efficiency dropped from 29.6% to 25.5%

Gross profit of \$65.6m compared to \$73.5m; a decrease of \$7.9m or 10.7%. This decrease was as a result of a one off cost adjustment resulting from the reconciliation of a major supplier's account during the quarter ended March 31, 2014.

- Total operational expenses increased by \$1.5m or 3.3% to \$46.1m.

While operational expenses showed a slight increase of \$1.5m, the total operational expenses ratio to sales remained consistent at 18% compared to the prior quarter.

- Non operational expenses of \$2.5m compared to \$6.7m; a decrease of \$4.2m or 62.7%

This was due mainly to a \$4m reduction in foreign exchange losses when compared to the quarter ended March 31, 2014.

- Net profit decreased by \$3.8m or 18% to \$16.9m

Despite holding operating costs relatively flat and realising a reduction in non operating expenses, the net profit after tax fell by \$3.8m or 18% to \$16.9m and was due to the one off cost increase adjustment carried in the cost of sales for the period under review.

Despite a challenging economic environment, MDS is committed to maintaining high standards in efficient product movement and market penetration, while strengthening relationships with our customers, suppliers, employees and other stakeholders.



Kurt Boothe
General Manager

July 29, 2014

Medical Disposables & Supplies Limited
Unaudited Statement of Comprehensive Income
For the Three Months Period Ended June 30, 2014


	Three Months To June 2014 \$	Three Months To June 2013 \$	Three Months To March 2014 \$
Revenue	257,191,031	204,597,980	248,028,844
Cost of sales	(191,558,325)	(152,940,835)	(174,479,417)
Gross profit	65,632,706	51,657,145	73,549,427
Administrative expenses	(33,523,289)	(20,683,780)	(31,455,985)
Selling and promotional costs	(9,697,154)	(8,580,487)	(8,633,105)
Other operating expenses	(2,938,643)	(1,575,273)	(4,578,701)
Total Operational Expenses	(46,159,087)	(30,839,540)	(44,667,791)
Profit after Operational Expenses	19,473,619	20,817,605	28,881,636
Finance income	1,163,580	13,515	1,937,944
Loss on foreign exchange	(344,894)	(469,620)	(4,400,981)
Finance cost	(3,340,917)	(5,356,135)	(4,286,941)
	(2,522,231)	(5,812,240)	(6,749,978)
Profit before tax	16,951,388	15,005,365	22,131,658
Tax expense	-	(4,041,450)	(1,407,384)
PROFIT FOR THE PERIOD	16,951,388	10,963,915	20,724,274
EARNINGS PER SHARE	\$0.06	\$0.05	\$0.08

Medical Disposables & Supplies Limited
Unaudited Statement of Financial Position
As At June 30, 2014

	3 Months To 30-Jun-14 \$	3 Months To 30-Jun-13 \$	Audited 31-Mar-14 \$
ASSETS			
Non- Current Assets			
Property, plant and equipment	120,469,898	72,679,463	120,281,101
Current Assets			
Inventories	182,027,246	168,332,316	199,339,231
Trade receivables	220,875,436	158,510,773	203,911,107
Other receivables & prepayments	15,972,793	25,974,307	23,304,842
Tax recoverable	1,268,428	492,713	978,692
Cash and bank balances	94,254,679	16,891,118	85,684,996
	<u>514,398,582</u>	<u>370,201,228</u>	<u>513,218,868</u>
Total Assets	<u>634,868,480</u>	<u>442,880,691</u>	<u>633,499,970</u>
EQUITY			
Capital and Reserve			
Share capital	107,835,764	20,000	107,835,764
Revaluation reserve	59,613,267	22,906,969	59,613,267
Retained profits	201,922,222	139,870,768	184,970,834
Total Equity	<u>369,371,253</u>	<u>162,797,737</u>	<u>352,419,865</u>
LIABILITIES			
Non-Current Liabilities			
Owing to directors	-	27,194,009	-
Interest-bearing borrowings	44,379,866	50,865,033	43,352,008
Deferred liability	-	34,402	-
	<u>44,379,866</u>	<u>78,093,444</u>	<u>43,352,008</u>
Current Liabilities			
Trade payables	96,705,163	49,156,127	130,778,667
Other payables	23,492,488	61,200,808	21,123,922
Income tax payable	16,987,325	22,768,414	22,417,325
Short term borrowings	30,000,000	15,000,000	30,340,000
Bank overdraft	53,932,385	53,864,162	33,068,184
	<u>221,117,361</u>	<u>201,989,510</u>	<u>237,728,097</u>
Total Liabilities	<u>265,497,227</u>	<u>280,082,954</u>	<u>281,080,105</u>
Total Equity and Liabilities	<u>634,868,480</u>	<u>442,880,691</u>	<u>633,499,970</u>

Approved for issue by the Board of Directors on July 29, 2014 and signed on its behalf by:


 Director


 Director

Medical Disposables and Supplies Limited
Statement of Changes In Equity
For the Three Months Period Ended June 30, 2014

	Share Capital \$	Revaluation Reserve \$	Retained Profit \$	Total \$
Balance at April 1, 2013	20,000	22,906,969	128,906,853	151,833,822
Changes in equity 2014				
Total comprehensive income for the period	-	-	10,963,915	10,963,915
BALANCE AT JUNE 30, 2013	20,000	22,906,969	139,870,768	162,797,737
Balance at April 1, 2014	107,835,764	59,613,267	184,970,834	352,419,865
Changes in equity 2015				
Total comprehensive income for the period	-	-	16,951,388	16,951,388
BALANCE AT JUNE 30, 2014	107,835,764	59,613,267	201,922,222	369,371,253

Medical Disposables & Supplies Limited
Unaudited Statement of Cash Flows
For the Three Months Period Ended June 30, 2014

	June 2014 \$	June 2013 \$
Cash flows from operating activities:		
Profit before tax	16,951,388	15,005,365
Adjustments for:		
Depreciation	1,745,143	1,275,273
Interest expenses	3,340,917	5,356,135
Interest income	(1,163,580)	(13,515)
FX loss on loan	772,860	671,145
Gain on disposal of fixed asset	(300,000)	-
	<u>21,346,729</u>	<u>22,294,403</u>
Decrease in owing to directors	-	(948,095)
Increase / (decrease) in inventories	17,311,985	(3,208,632)
(Decrease) / increase in trade and other receivables	(9,632,280)	319,720
Decrease in trade and other payables	<u>(31,704,937)</u>	<u>(11,422,738)</u>
Cash (used in) / provided by operations	(2,678,503)	7,034,658
Income tax paid	(5,719,736)	(2,901,762)
Interest paid	<u>(3,340,917)</u>	<u>(5,356,135)</u>
Net cash used in operating activities	(11,739,156)	(1,223,239)
Cash flows from investing activities:		
Purchase of property, plant & equipment	(1,933,940)	(316,094)
Proceeds on sale of fixed asset	300,000	-
Interest received	1,163,580	13,515
Net cash used in investing activities	(470,360)	(302,579)
Cash flows from financing activities:		
Proceeds from borrowings	15,000,000	20,000,000
Repayment of borrowings	<u>(15,085,002)</u>	<u>(25,034,334)</u>
Net cash used in financing activities	(85,002)	(5,034,334)
Net increase in cash & cash equivalents	(12,294,517)	(6,560,152)
Cash and cash equivalent at beginning of period	<u>52,616,811</u>	<u>(30,412,891)</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	40,322,294	(36,973,042)

Medical Disposables & Supplies Limited

Notes to the Unaudited Financial Statements

Three Months Ended June 30, 2014

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'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 three months ended June 30, 2014 have been prepared in accordance with IAS 34 – Interim Financial Reporting. The interim financial statements should be read in conjunction with the audited financial statements ended March 31, 2014 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, 2014.

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 waiver 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
Three Months Ended June 30, 2014

5. Shareholders' Information

	No. Of Units
Directors' Holdings	
As at June 30, 2014	
Winston Boothe	50,000,000
Myrtis Boothe	50,000,000
Kurt Boothe	50,000,000
Nikeisha Boothe	50,000,000
Dahlia McDaniel	546,000
Top Ten Shareholders	
As at June 30, 2014	
Winston Boothe	50,000,000
Myrtis Boothe	50,000,000
Kurt Boothe	50,000,000
Nikeisha Boothe	50,000,000
Mayberry West Indies Limited	9,082,808
Mayberry Managed Clients Account	6,470,947
Apex Pharmacy	3,496,926
Bamboo Group Holdings	3,350,631
Catherine Adella Peart	2,931,050
Manwei International Ltd.	2,018,656

Medical Disposables & Supplies Limited

Notes to the Unaudited Financial Statements

Three Months Ended June 30, 2014

	No. Of Units
Holdings of Senior Managers As at June 30, 2014	
Myrtis Boothe	50,000,000
Kurt Boothe	50,000,000
Nikeisha Boothe	50,000,000
Janice Pitter *	82,000
Lenworth Murray	163,000
Gerard Whyte	54,000

* Includes shareholdings for connected parties