

# MDS

MEDICAL DISPOSABLES  
& SUPPLIES LIMITED

*Taking Care...*



FROM  
SMALL  
BEGINNINGS  
COME  
GREAT  
THINGS



# 2016

ANNUAL REPORT





“DO  
*Small*  
THINGS WITH GREAT  
LOVE”  
- MOTHER TERESA

# OUR ESSENCE AND 'CAREMARKS'

## ABOUT OUR COMPANY

MDS is an island-wide distributor of healthcare and consumer products with a catalogue spanning pharmaceuticals, vaccines, injectables, hospital supplies, medical disposable items, consumer products and beauty items. We actively ensure that the brands we represent are on the shelves of health and personal care providers and resellers while also facilitating 'walk-in' clients. We exist to provide an unparalleled experience in every aspect of our customer interaction and a world-class offering that will better the lives of our partners, our work family, our shareholders and the communities we serve.

## VISION

To be the most customer-centric and profitable distributor in the Caribbean region.

## MISSION

*Beat the Best!*

## VALUES

- Fulfilled Employees
- Premium Service
- Quality Assurance
- Delighted Customers
- Social Responsibility





## TABLE OF CONTENTS

Chairman's Statement.....	03
Notice of Annual General Meeting.....	04
Company Highlights.....	05
Directors' Report.....	07
Our Directors.....	08
Directors' Profile.....	09
Corporate Data.....	11
Corporate Governance.....	15
Management Discussion & Analysis.....	21
Financial Highlights.....	23
Executive Management.....	25
Human Resources.....	27
Corporate Social Responsibility.....	32
Our Partners.....	35
Financial Statements.....	41
Form of Proxy.....	74

# FROM SMALL BEGINNINGS . . .



In the modern day corporate world, many large-scale businesses have been birthed through in-depth market research, planning and strategic investment; ideas become paired with venture capitalists and steered by consultants who have a wealth of experience and expertise. There are however, some marked examples of businesses that started out organically, as an inspired thought belonging to a person who was backed by little to no funding, armed only with strong faith and guided by sheer intestinal fortitude (guts). MDS, now considered a medium-sized enterprise in the Jamaican landscape, is proud to be one of these humble start-up anecdotes, grown from the seed of an ambitious vision that was watered with copious amounts of blood, sweat and tears.

In 1998, before there were investors, customers, profits or products, there was one woman with two children in college, colossal tuition fees becoming due and, for the first time since she was 18 years old, without employment. Having just severed ties from the medical/pharmaceutical distribution company at which she spent 11 years, Myrtis Boothe needed to quickly identify and pursue next steps. Being a nurse with an intense passion to serve those in need of care, coupled with the business acumen sharpened in her previous role, she decided to launch her own medical distribution company in a market space dominated by established giants. With no comfort of a plan B and no time to succumb to fear, the Company began operating in 1999. Not knowing the shape the Company would eventually take, she named it based on the product category in which she was directly involved: Medical Disposables and Supplies Limited. Little did she know, the Company would spread its tentacles beyond those confines and embody God's promise that He will "do exceedingly and abundantly above all that we ask or think."

The beginnings were modest not only because of where it began – the trunk of a blue Volvo 850 – but also because the Company was sustained by a shoe string budget, funded by placing every major personal asset on the line, and supported through the offering of a single brand of products. Sixteen plus years later, after much hard labour, difficult economic terrain and relentless competition, MDS has managed to move from strength to strength.

Now, as we witness our ticker on the Jamaica Stock Exchange, the continued expansion of our product portfolio across categories, our coverage extend island-wide and our business conducted from our new 27,000 square feet 'home' which houses our entire operation under one roof, we cannot help but reflect upon our beginnings and feel incredibly blessed. While we are not yet the biggest in the industry, we are intent on being the best; still a work in progress, but always progressing through hard work.

Undoubtedly, our reality is proof that you don't necessarily need a ton of money to have a dream evolve into success. You do, however, need to fill a gap in the market, offer something that has never been seen or felt before and not discount the value of timing and relationships. As we continue to service the market, we will continue to pursue needs that are not being adequately addressed, hone the skill sets to provide the right solutions and perpetuate the tenets that have always piloted the Company: an incessant focus on patients' well-being, unwavering personal attention to those served and our promise to never compromise on product quality.

In this business of health care we are committed to doing everything we can to keep getting 'better' together and not overlooking the small things that will perpetually deliver a great impact.

# . . . COME GREAT THINGS

# Chairman's Statement

The financial year ended March 31, 2016 was another successful year in the 17 year history of the Company, notwithstanding the external economic factors which prevailed throughout the period. Although there were signs of economic stability, the business environment still remains challenging. The adverse impact of the continued devaluation of the Jamaican dollar on aggregate demand, the restriction on Government expenditure and low economic growth are some of the factors which influenced the external business environment.

Despite these challenges, however, the Company was able to achieve positive financial results with strong growth in revenue and profits.

During the period under review, revenue amounted to \$1.33 billion compared to \$1.16 billion in the previous year, an increase of \$0.214 billion or 15%. The Net Profit attributable to shareholders of the Company was \$96.08 million which compares to \$84.57 million in 2015, an increase of \$11.51 million or 14%. Earnings per share for the year was \$0.37 compared to \$0.32 for the corresponding period in the previous year.

Due to the continuous growth in our operations it became imperative for us to position the Company to be able to accommodate the current and projected increase in business activity.

As a result, our major focus during the third quarter of the financial year was the completion of renovations to the newly acquired property at 83 Hagley Park Road to meet the increased volumes and within the specifications required by the Pharmacy Council of Jamaica. The project was successfully completed and the operations of the Company were relocated to 83 Hagley Park Road.

Apart from providing additional office and warehouse space the new facilities have allowed for a more integrated and streamlined operation and has positioned the Company for future growth opportunities.

On behalf of the Board of Directors, I wish to extend our gratitude to our valued customers and shareholders for their loyalty and express continued support to our principals for the confidence displayed in us and to the MDS team for their consistent hard work and dedication during the year.

Finally, I wish to use this opportunity to thank the members of the Board of Directors for their leadership and guidance which they have provided and for their contribution to another successful year for the Company.

We remain optimistic about the year ahead despite the challenges we face, and we wish once more to recommit ourselves to maintaining a high standard of financial performance, improving operational efficiency and increasing shareholder value.



**WINSTON BOOTHE**  
CHAIRMAN

# NOTICE OF THE THIRD ANNUAL GENERAL MEETING

**Notice is hereby given** that the Third Annual General Meeting of Medical Disposables & Supplies Limited (the "Company") will be held on Tuesday, September 27, 2016 at 10:00 a.m. at the Courtleigh Hotel & Suites, 85 Knutsford Boulevard, Kingston 5, to consider, and if thought fit, pass the following resolutions:

## 1. RECEIPT OF AUDITED ACCOUNTS

To receive the Audited Accounts for the financial year of the Company ended March 31, 2016, together with the Reports of the Directors and Auditors thereon.

*Ordinary Resolution No. 1*

'That the Audited Accounts for the financial year of the Company ended March 31, 2016, together with the Reports of the Directors and Auditors thereon, be and are hereby adopted.'

## 2. RETIREMENT OF DIRECTORS BY ROTATION AND RE-APPOINTMENT

That the following Directors of the Board who, being the longest serving have retired by rotation prior to the reading of the resolution in accordance with the Articles of Incorporation of the Company, and, being eligible, have consented to be re-appointed and to act on re-appointment:

*Ordinary Resolution No. 2*

'That Sandra Glasgow be and is hereby re-elected a Director of the Company for the ensuing year.'

*Ordinary Resolution No. 3*

'That Dr. Vincent Lawrence be and is hereby re-elected a Director of the Company for the ensuing year.'

*Ordinary Resolution No. 4*

'That Dr. Dahlia McDaniel-Dickson be and is hereby re-elected a Director of the Company for the ensuing year.'

## 3. DIRECTORS' REMUNERATION

To authorise the Board of Directors to fix the remuneration of Directors.

*Ordinary Resolution No. 5*

'That the amount shown in the Audited Accounts for the year ended March 31, 2016 as fees to the Directors for services as Directors, be and is hereby approved.'

## 4. RE-APPOINTMENT AND REMUNERATION OF AUDITORS

To appoint the Auditors and authorise the Board of Directors to fix the remuneration of the Auditors.

*Ordinary Resolution No. 6*

'That Mair Russell Grant Thornton who have consented to continue as the Auditors of the Company be and are hereby appointed Auditors of the Company to hold office until the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company.'

## 5. INTERIM DIVIDENDS

To approve and ratify interim dividends paid during the financial year.

*Ordinary Resolution No. 7*

'That the interim dividends of four cents (\$0.04) per ordinary stock unit paid to the stockholders on the 19th day of June 2015, be and is hereby declared and approved as the final dividend for the financial year.'

## 6. OTHER ROUTINE BUSINESS

To deal with any other business that is considered routine and appropriate for the Annual General Meeting.

*Ordinary Resolution No. 8*

'To transact any other ordinary business of the Company that can be transacted at an Annual General Meeting.'

Dated this 28th day of July, 2016  
BY ORDER OF THE BOARD



KURT BOOTHE  
COMPANY SECRETARY

**NOTE:** A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A form of proxy is enclosed and if it is used it should be completed in accordance with the instructions on the form and returned so as to reach the Company's Registrar at the address shown on the form not less than forty-eight (48) hours before the time fixed for the meeting.

# COMPANY HIGHLIGHTS

## AGM 2015



## 2015 PSJ CONFERENCE



## PSJ 5K RUN



## MDS' BIGGEST LOSER CHALLENGE





INTERNATIONAL WOMENS DAY



ANTHRICK MANAGEMENT HIGH SCHOOL ATHLETICS DEVELOPMENT MEET



BECOZINC CAVALIERS – 2015 KSAFA CHAMPIONS



UNDER 10 SOCCER FIESTA TOURNAMENT



# DIRECTORS' REPORT

The Directors of Medical Disposables & Supplies Limited are pleased to present their report for the 12 months ending March 31, 2016.

## FINANCIAL RESULTS

The Statement of Comprehensive Income shows pre-tax profits of \$97.4M and post-tax profits of \$96.1M from revenues of \$1.33B. Further details of these results, as well as the prior 12 month performance are outlined in the Management Discussion and Analysis and Financial Statements which are included as part of this Annual Report.

## DIRECTORS

The Directors of the Company as at March 31, 2016 are:

- Mr. Winston Boothe (Chairman)
- Dr. Vincent Lawrence (Non-Executive)
- Mrs. Sandra Glasgow (Non-Executive)
- Dr. Dahlia McDaniel-Dickson (Non-Executive)
- Mrs. Myrtis Boothe (Managing Director)
- Mr. Kurt Boothe (General Manager)
- Miss Nikeisha Boothe (Senior Marketing Executive)

The Directors to retire by rotation in accordance with the Articles of Incorporation are: Mrs. Sandra Glasgow, Dr. Vincent Lawrence and Dr. Dahlia McDaniel-Dickson, but being eligible, all will offer themselves for re-election.

## AUDITORS

The Auditors of the Company, Mair Russell Grant Thornton, of 3 Houghton Avenue, Kingston 10 have conveyed their willingness to continue in office as Auditors of the Company until the next Annual General Meeting.

We wish to thank all our customers, employees, agents and shareholders for their continued support and contribution to the Company's performance.

Dated this 28th day of July, 2016  
FOR AND ON BEHALF OF THE BOARD  
OF DIRECTORS



KURT BOOTHE  
COMPANY SECRETARY

# OUR DIRECTORS

“BIG VISIONS ARE REALISED THROUGH SMALL STEPS.”



# DIRECTORS' PROFILES



**WINSTON BOOTHE**  
Chairman

Mr. Winston Boothe is Chairman of the MDS Board, a Member of the Audit & Compliance Committee and a Member of the Compensation Committee. He is an immediate past Senior Vice President of the Port Authority of Jamaica where he served for 19 years until September 2013, shouldering responsibilities in the areas of Corporate Planning, Finance, Administration, Operations and Information Services. Prior to this, Mr. Boothe held the post of Group VP of the Jamaica Broilers Group of Companies. With over 30 years of experience as a corporate executive, Mr. Boothe offers an impressive business acumen, financial expertise and has an expansive business network. He has served as a Director of the Petroleum Corporation of Jamaica, Port Authority of Jamaica, Jamaica International Free Zone Development Limited, Master Blend Feeds and the Wortley Home for Girls. Mr. Boothe is an honours graduate of the University of the West Indies with a Bachelor Degree in Economics & Business Administration.



**DR. VINCENT LAWRENCE**  
Independent Director

Dr. Vincent Lawrence is a Non-Executive Director of the MDS Board, Independent Chairman of the Compensation Committee and Independent Member of the Audit & Compliance Committee. During his over 40 years of experience as a civil and geotechnical engineer, Dr. Vincent Lawrence has become widely recognised as a skilled negotiator who has played a pivotal role in the engineering community and has exhibited a strong commitment to national service. He is a registered Professional Engineer in Jamaica and Ontario, a Member of the Jamaican Institute of Management and a Fellow of the American Society of Civil Engineers. Dr. Lawrence is currently the Executive Chairman of Jentech Consultants Limited, Chairman of the Clarendon Alumina Production Limited Board and Chairman of the Financial Board of the Diocese of Jamaica and the Cayman Islands. Dr. Lawrence holds a Bachelor of Science Degree with honours from the University of the West Indies and earned his Doctorate through the Queen's University, Canada.



**SANDRA GLASGOW**  
Independent Director

Mrs. Sandra Glasgow is a Non-Executive Independent Director of MDS Ltd serving as Chairman of the Audit and Compliance Committee, Independent Member of the Compensation Committee and Mentor to the Board. Mrs. Glasgow, founder and Managing Director of BizTactics Limited, has played an integral role in bolstering the Company's Corporate Governance structure. She was the Chief Executive Officer at The Private Sector Organisation of Jamaica for over five years and spent two decades at the University of Technology with a distinguished career as Senior Vice President for Corporate Services. Mrs. Glasgow is Mentor to Caribbean Producers Jamaica Limited and is a Non-Executive Independent Director of the National Commercial Bank since 2002, where she chairs the Corporate Governance Committee, and sits as an Independent Director on the Executive Committee, the Audit Committee, the Risk Committee and the Compensation Committee. Mrs. Glasgow is a graduate of the University of the West Indies, Mona with a Bachelor of Science Degree in Marine Biology and Applied Botany and a Master of Business Administration, specialising in the Management of Technology.



**DR. DAHLIA  
MCDANIEL-DICKSON**  
Independent Director

Dr. McDaniel-Dickson is a Non-Executive Independent Director of the Company and Independent Member of the Audit & Compliance and Compensation Committees. She adds an essential dimension to the MDS Board through her strong command of the pharmaceutical industry from both academia and business perspectives. As a registered pharmacist for over 23 years, her contagious fervour for the discipline helps to ensure output of the highest standard with an outlook supported by intelligent industry specific applications. She currently sits on the Pharmacy Council of Jamaica, the body responsible for the regulation of pharmacists, pharmaceutical students, pharmacy owners and authorised sellers of poisons in accordance with The Pharmacy Act (1966). Dr. McDaniel-Dickson has a Doctorate of Public Health in the field of Pharmacology from the University of London, is the owner of two thriving pharmacies and a proprietor of a medical clinic.



**MYRTIS BOOTHE**  
Executive Director

Mrs. Myrtis Boothe, is the founder and Managing Director of the Company. Her over 35 years of passionate and extensive medical experience provides great value to the organisation through her immense product knowledge, first-hand understanding of the inner workings of health institutions, expansive industry network and her keen dedication to providing service excellence in patient care. She is experienced in leading and growing medical/pharmaceutical business segments which help to make MDS a dynamic and progressive organisation. Mrs. Boothe is a Registered Nurse by profession, trained at the University Hospital of the West Indies. Her training was then put into practice as the Ward Administrator of the National Chest Hospital. Thereafter, she served at the Ministry of Health as an Inservice Education Officer and Nursing Tutor before honing her business instincts through an 11-year management career at one of the country's leading distribution companies in the industry.



**KURT BOOTHE**  
Executive Director

Kurt Boothe, Company Secretary, joined the Company in 2006 as General Manager after residing in Florida for over a decade. Mr. Boothe's financial acumen, intimate familiarity with global best practices and openness to the application of modern solutions to business challenges are welcomed additions to the skill sets of the Company. While in Florida, as part of the American Express Financial Advisors team and as Portfolio Administrator with the Private Client Group of Franklin Templeton Investments Inc., Mr. Boothe developed his proficiency in Finance. He also spent time in property valuation consulting services and independent real estate investments. He has also served as a Non-Executive Director of the Petroleum Company of Jamaica with responsibility for Marketing. Mr. Boothe holds a Bachelor's degree in Business Administration and an M.B.A. with a concentration in Entrepreneurship from the Wayne Huizenga School of Business at Nova Southeastern University in Fort Lauderdale, Florida.



**NIKEISHA BOOTHE**  
Executive Director

In 2012, Nikeisha Boothe joined MDS as Senior Marketing Executive. Her roles as Marketing Executive at Dunlop Corbin Communications – a full-service marketing and advertising agency – and Brand Manager at Restaurant Associates Limited (franchise holders for Popeyes and Burger King in Jamaica) has provided her with an in-depth knowledge in advertising, media, production, public relations, event planning, consumer behaviour, budget management and financial marketing. Miss Boothe graduated with honours from the University of Miami, where she earned a B.A. in International Finance and Marketing. She furthered her studies at the Mona School of Business (University of the West Indies), where she received an M.B.A. with a concentration in Marketing.

# 10

## SHAREHOLDINGS

### Shareholdings of Directors As at March 31, 2016

Kurt Boothe	50,700,000
Winston Boothe	50,000,000
Myrtis Boothe	50,000,000
Nikeisha Boothe	50,000,000
Dahlia McDaniel-Dickson	1,373,100

### Shareholdings of Senior Managers As at March 31, 2016

Kurt Boothe	50,700,000
Myrtis Boothe	50,000,000
Nikeisha Boothe	50,000,000
Lenworth Murray	163,000
Janice Pitter	87,000
Gerard Whyte	54,000

### Top Ten Shareholders As at March 31, 2016

Kurt Boothe	50,700,000
Winston Boothe	50,000,000
Myrtis Boothe	50,000,000
Nikeisha Boothe	50,000,000
Mayberry West Indies Limited	11,253,177
Mayberry Managed Clients Account	8,224,708
Apex Pharmacy	3,496,926
Bamboo Group Holdings	3,350,631
Catherine Adella Peart	2,182,713
Leon O. W. Headley	1,737,958
Manwei International Limited	1,527,288
VMWM Stock Trading Account	1,322,514

“ TO BE SUCCESSFUL, YOU HAVE TO HAVE  
YOUR HEART IN YOUR BUSINESS AND  
YOUR BUSINESS IN YOUR HEART. ”

-Thomas J. Watson



# CORPORATE DATA

## DIRECTORS

### CHAIRMAN

Mr. Winston Boothe

### EXECUTIVES

Mrs. Myrtis Boothe

Miss Nikeisha Boothe

### NON-EXECUTIVES

Dr. Vincent Lawrence

Mrs. Sandra Glasgow

Dr. Dahlia McDaniel-Dickson

### SECRETARY

Mr. Kurt Boothe

## LIST OF SENIOR OFFICERS

Mrs. Myrtis Boothe	- Managing Director
Mr. Kurt Boothe	- General Manager
Miss Nikeisha Boothe	- Senior Marketing Executive
Ms. Janice Pitter	- Financial Controller
Mr. Gerard Whyte	- Business Development & Client Relations Manager
Mr. Lenworth Murray	- Trade Manager
Mrs. Antoinette McDonald	- Sales Supervisor

## BANKERS

### BANK OF NOVA SCOTIA JAMAICA LTD

Scotia Centre Branch

Cnr. Duke & Port Royal Streets

Kingston, Jamaica W.I.

### NATIONAL COMMERCIAL BANK

90 - 94 Slipe Road

Kingston 5, Jamaica W.I.

## AUDITOR

### MAIR RUSSELL GRANT THORNTON

3 Haughton Avenue

Kingston 10, Jamaica W.I.

## REGISTRAR & TRANSFER AGENT

### JAMAICA CENTRAL SECURITIES DEPOSITORY

40 Harbour Street

Kingston, Jamaica W.I.

## ATTORNEYS-AT-LAW

### PATTERSON MAIR HAMILTON

63 - 67 Knutsford Boulevard

Kingston 5, Jamaica W.I.



**MDS**

MEDICAL DISPOSABLES  
& SUPPLIES LIMITED

*Taking Care...*

83 HAGLEY PARK ROAD  
KINGSTON 10  
JAMAICA, W.I.

TELEPHONE: (876) 906-9994  
FAX NUMBER: (876) 906-9996  
EMAIL: INFO@MDSJA.COM

**MDS**

## Corporate Governance Statement

Medical Disposables and Supplies Limited (hereinafter "MDS" or "the Company") complies with the provisions of its Articles of Association, The Companies Act, 2004 and other applicable legislation and global governance standards. The Company was listed on the Junior Market of the Jamaica Stock Exchange (JSE) on December 24, 2013 and complies with the rules and regulations applying to listed companies issued by the JSE. The Company's head office is located at 83 Hagley Park Road in Kingston, Jamaica.

The Board is committed to achieving and demonstrating the highest standard of corporate governance. The Board guides and monitors the business affairs of the Company on behalf of the shareholders to whom they are accountable. In setting standards, the Company has considered the PSOJ's Code on Corporate Governance and other global standards and continues to develop and improve its corporate governance processes and standards. Formal written policies have been disseminated throughout the Company and measures are in place to achieve compliance. A description of the Company's Corporate Governance framework and the actions taken to improve the governance of the Company over the last year are set out in this statement.

### Composition of the Board of Directors

Directors are appointed to the Board based on the specific skills required by the Company and on the independence of their decision-making and judgement. The skills, experience and expertise relevant to the role for each Director in office at the date of the annual report are included in the Directors' profiles in this Annual Report. The Directors currently consider the composition of the Board to be adequate given the Company's stage of development. The Board considers that the individuals comprising the Board can make quality and independent judgements in the best interests of the Company on all relevant matters.

### Role of the Board

The Company is a distributor of pharmaceuticals, medical disposable supplies and complementary products that support the healthcare industry in Jamaica. Its customers are primarily dispensing pharmacies and hospitals, both privately and government owned and operated.

The Board recognises the need to clearly delineate its roles and those of Management. On July 28, 2015, the Board approved a Corporate Governance Board Charter which outlines the principal role of the Board, the demarcation of the roles, functions, responsibilities and powers of the Board vis-à-vis Management, the Committees of the Board and matters reserved for decision-making by the Board. The Charter further defines the specific responsibilities of the Board, in order to enhance coordination and communication between the Executive Directors and the Board and more specifically, to clarify both Board and Management accountability for the benefit of the Company and its shareholders.

Full details of the Board's Charter may be accessed via the Company's website ([www.mdsja.com](http://www.mdsja.com)).

In keeping with the Charter, over the financial year ended March 31, 2016, the Board fulfilled the following key functions:

#### Governance

- Approved the Board Charter, ensuring that it conformed to best practices and regulatory requirements.
- Approved policies and procedures to guide the conduct of Management and employees.
- Provided oversight over Management's activities

#### Strategic

- Provided direction to the Management concerning the articulation of the vision and strategy for the Group.
- Assessed the adequacy of capital to support the business risks of the Company.

#### Performance Management

- Approved performance objectives and performance measurement systems for staff.
- Reviewed the performance of the Board and its Committees

#### Business Decisions

- Approved and monitored the progress of capital investments, dividend payouts, etc. that affected cash flow and the balance sheet.
- Approved financing proposals.

#### Human Resources

- Discussed and reviewed compensation proposals for Executive Management and staff.

#### Financial Performance

- Approved the annual budget and targets, annual financial statements and interim results and monitored financial performance throughout the year.
- Ensured financial results were reported fairly and in accordance with International Financial Reporting Standards (IFRS) and other relevant standards.
- Recommended to shareholders the Annual Report / Financial Statements released by Management and ensured that any reports issued by the Company, including the Financial Statements, presented a 'true and fair' view of the Company's position and performance.

#### Compliance

- Ensured that the Company operates within applicable laws and regulations and that all tax and statutory obligations were met within the specified timelines

#### Risks

- Ensured that principal risks were identified and that Management was implementing appropriate systems to manage these risks.

#### Internal Controls

- Assessed the adequacy of the systems of risk management, internal control, control environment and regulatory compliance.

**Management is responsible for the execution of approved strategies and for all operational matters.**

#### Conflicts of Interest

Directors are required to properly manage any conflict with the interests of the Company and to declare to the Board any personal interest, whether direct or indirect, he or she may have in matters brought before the Board. This declaration is recorded in the minutes and the interested Director may not be present for the deliberations, discussion or voting on the resolutions to be adopted in this respect.

#### Securities Trading

During the year, the Board approved a revised Securities Trading Policy and procedures concerning trading in the Company's shares by Directors, officers and employees. This policy complies with Jamaica's Securities Act in relation to insider trading and with the rules of the Jamaica Stock Exchange.

#### Board Composition

As at 31 March 2016, the Board comprised seven Directors: three Non-Executive Independent Directors, one Non-Executive Director and three Executive Directors as follows:

- **Winston Boothe,**  
Chairman, Non-Executive Director
- **Sandra Glasgow,**  
Non-Executive Independent Director and Mentor
- **Dr. the Hon. Vincent Lawrence, O.J.,**  
Non-Executive Independent Director
- **Dr. Dahlia McDaniel-Dickson,**  
Non-Executive Independent Director
- **Myrtis Boothe,**  
Managing Director, Executive Director
- **Kurt Boothe,**  
General Manager, Executive Director
- **Nikeisha Boothe,**  
Marketing Manager, Executive Director

# CORPORATE GOVERNANCE

## Board Composition Cont'd...

Each of the Non-Executive Independent Directors brings appropriate business and professional experience, as well as rigour to the deliberations of the Board. The Board considers a Director to have met the criteria for independence if he or she:

- does not represent a substantial shareholding
- is not a close relative of a significant shareholder
- does not have an employment relationship with the Company

## Corporate Values and Ethics

The Company's values of: fulfilled employees, premium service, quality assurance, delighted customers, contented affiliates and social responsibility are fundamental to its business philosophy and guide the way it conducts its business and interacts with all stakeholders. Included in the Board Charter, is a Code of Conduct for Directors that sets the ethical and behavioural standards expected of all Directors of the Company. Additionally, the Company has developed a board-approved Code of Conduct and Ethics which is a guide for employees to live the Company's values. These codes of conduct cover conflicts of interest, confidentiality, fair dealing, protection of assets, compliance with laws and regulations, whistle-blowing, security trading and commitments to shareholders.

## Director Induction and Development

On appointment, all Non-Executive Directors receive comprehensive briefing documents that familiarise them with the Company's operations, management and governance structures; including the role and function of the Board and its Committees.

The Mentor provides guidance to the Board on all governance issues and for ensuring that the Directors are provided with relevant information on a timely basis to enable them to consider issues for decision and to discharge their oversight responsibilities.

## Board Conduct

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company. The Company's Board of Directors met nine times during the year ended 31 March 2016. The number of meetings attended by each Director is listed below.

BOARD MEMBER	28 APR. 2015	28 MAY 2015	9 JUL. 2015	28 JUL. 2015	29 SEPT. 2015	27 OCT. 2015	1 DEC. 2015	1 MAR. 2016	22 MAR. 2016	OVERALL ATTENDANCE %
Winston Boothe	•	•	•	•	•	•	•	•	•	100%
Myrtis Boothe	•	•	Apology	•	•	•	•	•	•	89%
Kurt Boothe	•	•	•	•	•	•	•	•	•	100%
Nikeisha Boothe	•	•	•	•	•	•	•	•	•	100%
Sandra Glasgow	•	•	•	•	•	•	•	•	•	100%
Vincent Lawrence	Apology	•	•	•	•	•	Apology	•	•	78%
Dahlia McDaniel-Dickson	•	•	•	Apology	•	•	•	•	•	89%

## Board Committees

In order to provide adequate time for the Board to concentrate on strategy, planning and performance enhancement, the Board has delegated specific duties to two Committees, the Audit and Compliance Committee and the Compensation and Human Resources Committee. Each Committee has its own Terms of Reference, which has been approved by the Board and which defines the respective committees' roles and responsibilities.

### Compensation and Human Resources Committee

The Committee consists of three non-executive, Independent Directors, Hon. Vincent Lawrence, O.J., Chairman, Mrs. Sandra Glasgow and Dr. Dahlia McDaniel-Dickson, as well as Non-Executive Director and Chairman of the Board, Mr. Winston Boothe. The Compensation Committee provides oversight on human resource and compensation policies and practices generally, and makes specific recommendations on compensation packages for the Company's Executive Management and staff having regard to performance, relevant comparative information and independent expert advice where necessary. The Committee also provides oversight on succession and development of Senior Executives.

The Committee met three times during the year, to consider the Company's organisational structure, manpower requirements in keeping with its strategic plan, performance management system and proposals for salary and benefits packages for executives and staff.

COMMITTEE MEMBER	27 OCT. 2015	8 DEC 2015	22 MAR. 2015	OVERALL ATTENDANCE
Winston Boothe	•	•	•	100%
Sandra Glasgow	•	•	•	100%
Vincent Lawrence	•	•	•	100%
Dahlia McDaniel-Dickson	•	•	•	100%

### Audit and Compliance Committee

The Board has established an Audit and Compliance Committee which operates under a Charter approved by the Board. In accordance with the Corporate Governance guidelines issued by the Jamaica Stock Exchange, the Committee comprises a majority of Independent Directors. The members of this committee include three Non-Executive Independent Directors: Mrs. Sandra Glasgow, Chairperson, Dr. the Hon. Vincent Lawrence and Dr. Dahlia McDaniel-Dickson and Non-Executive Director, Mr. Winston Boothe. The General Manager and the Financial Controller attend the meetings as invitees.

The Committee's responsibilities include:

- integrity of the financial statements and announcements to shareholders;
- overseeing the relationship between the Company and its external auditors;
- the review of the Group's internal controls, including financial controls;
- assessment of the effectiveness of the internal audit, compliance and risk management functions;
- the review of the internal and external audit plans and subsequent findings;
- the review of accounting policies, for the approval of the Board.
- the review of the external and internal auditors' reports;
- obligations under applicable laws and regulations; and
- the review of the effectiveness of the services provided by the external auditors and other related matters.

The Audit and Compliance Committee met three times during the financial year, to consider and recommend to the Board of Directors, the approval of interim financial results, the releases to shareholders and the audited financial statements. The financial statements and release to shareholders for the quarter ended December 31, 2015 were considered by committee members and approved by round robin due to the unavailability of the Directors for a formal meeting.

COMMITTEE MEMBER	19 MAY. 2015	28 JULY 2015	27 OCT. 2015	OVERALL ATTENDANCE
Sandra Glasgow	•	•	•	100%
Winston Boothe	•	•	•	100%
Vincent Lawrence	•	•	•	100%
Dahlia McDaniel-Dickson	•	Apology	•	67%

The Committee also undertook an assessment of the quality of the external audit services and discussed the findings with the Audit Engagement Partner at Mair Russell Grant Thornton. On the basis of this assessment, the Committee made recommendations to the Board regarding the continued tenure of the external audit firm and recommended and the Board accepted, a policy regarding a formal tender for audit services or a change in the audit partner every five years.

# CORPORATE GOVERNANCE

## Director Remuneration

The Company is of the belief that remuneration to Directors should be reasonable and based on their responsibilities, work, time invested, and the complexity of the business. The remuneration offered to both Executive and Non-Executive Directors is considered to be consistent with the level for companies of comparable size and stage of development. The remuneration is a fixed annual amount and is not linked to the Company's performance or share price.

The Mentor, who is a Board Member, performs special assignments for the Company under contract, in addition to her directorship.

## Evaluation of Board Performance

The Board's Corporate Governance Charter asserts that: "the Board shall have an evaluation of its performance annually to determine whether it is functioning effectively by reference to current best practice and regulatory obligations."

In July 2015, the Mentor designed and administered an evaluation questionnaire which was administered to all seven Board Members and 100% of the Directors responded. The questionnaire was designed to gain an insight into how each of the directors of the Board believes the Board is meeting its objectives. The evaluation provided guidelines for evaluating the Board's effectiveness and focused on areas where the Board's performance may possibly be enhanced or improved, as well as assessing the individual contributions of the directors. The survey was designed for feedback on a number of effectiveness factors and was divided into five parts, focusing on:

- I. The degree of fulfilment of the Board's responsibilities
- II. The quality of the Board-Management relationship
- III. The effectiveness of board processes and procedures
- IV. The effectiveness of individual director contributions
- V. General comments

In each part, Directors also had an opportunity to provide comments. The results of the survey were formally presented to the Board as part of a discussion on the Company's corporate governance practices. An action plan with specific, measurable, achievable and time-bound goals was agreed by the Board for improvements to be made within the ensuing year.

Sandra A. C. Glasgow  
Mentor



# MANAGEMENT DISCUSSION & ANALYSIS

## MDS at a Glance – Overview

The 2015/16 financial year has been another successful period for the Company with record revenue growth and higher returns.

MDS continues to provide high quality services to its clients while also delivering increasing returns to its shareholders. The Company further cemented its relationship with GlaxoSmithKline, a company ranked as the world's 6th largest pharmaceutical company, with our appointment as the exclusive distributor for key clients during the last quarter. Additionally, the Company deepened its market penetration with the expansion of product offerings in the disposables and hospital segment. As a result of a direct strategy and thrust to increase market penetration, the Company saw increased market presence and an increase in revenues during the year.

MDS continues to operate in a very competitive landscape, however, our success during the year was achieved through a more structured approach and a leaner operation which resulted in greater operational efficiencies. The consolidation of the operations into one location at the end of last year also resulted in a more controlled environment and increased storage capacity which has enabled us to carry more product lines and increase stock levels.

Notwithstanding the acquisition of the new building, the Company continues to hold the previously acquired buildings as part of its assets, and currently uses these premises for additional office space and logistics services as an additional revenue stream.

## Financial Performance

Highlights of the financial year ended 31st March 2016:

- Revenue of \$1.33 billion, a year-over-year increase of 14.5%
- Net Profit of \$96.1 million, a year-over-year increase of 13.6%
- Interim dividends payment of \$0.043 per share
- Total Assets of \$1.12 billion, a year-over-year increase of 17%
- Total stockholders' equity of \$488 million, a year-over-year increase of 21.2%

## Total Revenues and Gross Profit

For the year under review, revenues of \$1.3 billion reflected an increase of 14.5% when compared to the previous year. Gross profit for the period was \$350.2 million, an increase of \$26.9 million or 13.3% over the previous year. The increase in revenue and profitability was mainly attributable to an increase in the product offerings and an increase in the business channels.

## Operating Expenses

Operating expenses increased by \$26.9 million or 13.3%, mainly due to an increase in staff complement, annual increases in salaries and commissions and delivery expenses. These increases were in line with budget and were consistent with the increase in the level of sales. Staff costs accounted for the largest increase in operating expenses, due mainly to the increase in the complement in warehousing and sales in an effort to support the growth in the business operations.



Depreciation and amortisation expenses totalled \$10.7 million showing an increase of \$2.5 million or 31% when compared to the previous year. This increase was due mainly to an increase in capital expenditure associated with the new building to which the Company's operations relocated during the year.

Non-operational costs increased by \$124 million or 135%; this due primarily to an increase in the finance cost on the loan for the newly acquired premises.

## Net Profit

Notwithstanding the increased expenses, the increased finance cost as well as the adverse impact of the devaluation of the Jamaican dollar, net profit grew by 13.6%. This represents an increase from \$84.5 million at the end of March 2015 to the Company's highest ever profit figure of \$96.1 million for the financial year ended March 31, 2016.

## Earnings Per share

Earnings per share were \$0.37 compared to \$0.32 in 2015. The number of shares outstanding as at the end of March 31, 2016 was 263,157,895.

## Total Assets and Liabilities

Total assets grew by \$165.3 million or 17% from \$956.3 million to \$1.12 billion compared to the 12 month period in the previous year. This was primarily due to an increase in the levels of inventory as well as capitalised cost due to the refurbishing of the new building.

Shareholders' equity of \$488 million represented an increase of \$85.6 million or 21.2%; primarily resulting from Company earnings.

Liabilities increased by 144% or \$79.8 million to \$633.7 million. Over 98% of the liabilities are denominated in Jamaican dollars thereby reducing the Company's foreign exchange exposure.

## Liquidity Analysis

Despite the major acquisitions during the last financial year, the Company continues to enjoy healthy cash flows to support its business needs. Our main source of liquidity continues to be our net cash provided by operating activities as well as working capital credit facilities. The Company continues to have record levels of inventories and good quality receivables to support the business growth.

## Our Strategy

The business strategy and operating model remain unchanged. The objectives are to continue to grow earnings and maintain high returns through the strengthening of the brand and an increased market presence. We will continue to expand our focus on the disposables and hospital supplies segment, while improving internal efficiencies. For the financial year ahead, continued emphasis will be placed on solidifying our relationships with clients and strategic partners with a view to explore new product segments.

We will also seek to improve efficiencies by optimising purchasing, simplifying our structures and ultimately improving our earnings. This will span new ranges as well as existing deliverables.

MDS would like to thank its entire family of employees and the Board of Directors for their sterling contribution throughout the year. Their outstanding work and commitment have resulted in the achievement of record levels of revenues and profitability. Together we have faced the challenges and made the fiscal year a very successful one. We would also like to thank our shareholders, to whom we promise to achieve continued growth and sustained returns.

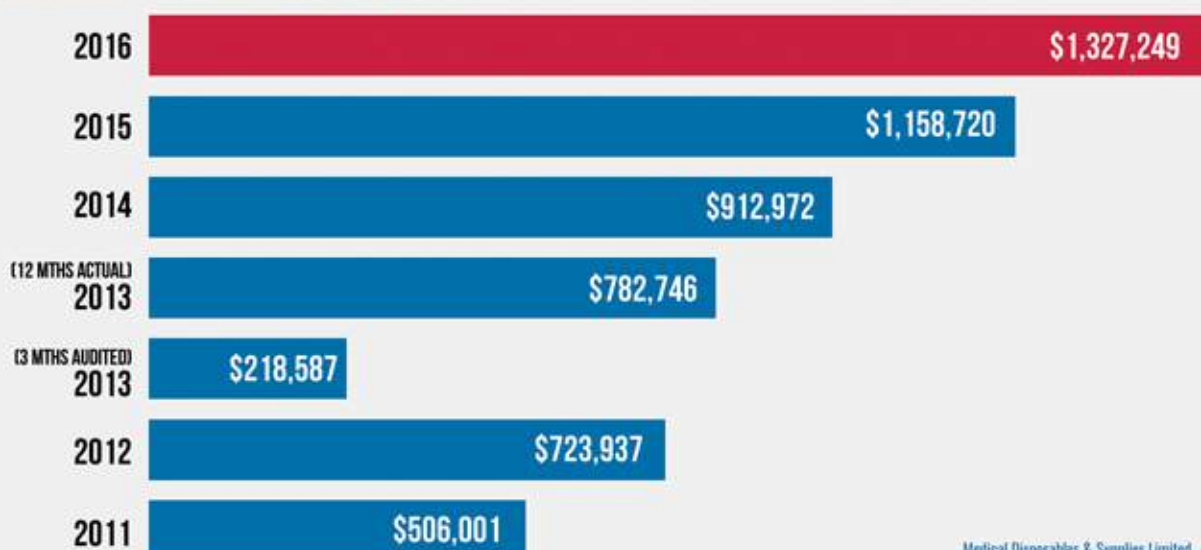


# HISTORIC FINANCIAL PERFORMANCE

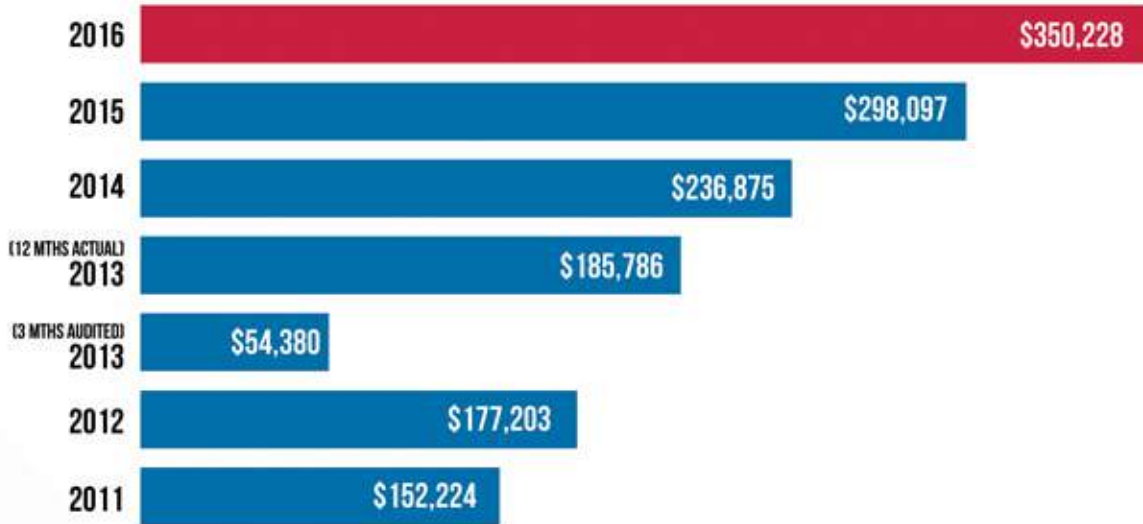
	2016	2015	2014	2013 *	2013 *	2012	2011
	\$'000	\$'000	\$'000	(12 MONTHS ACTUAL) \$'000	(3 MONTHS AUDITED) \$'000	\$'000	\$'000
<b>PROFIT AND LOSS SUMMARY</b>							
PROFIT AFTER TAX	96,077	84,569	56,544	40,469	14,619	41,322	18,720
EBITDA	131,618	107,400	93,953	76,121	25,433	71,802	46,984
<b>BALANCE SHEET</b>							
TOTAL ASSETS	1,121,697	956,343	632,489	450,897	450,897	422,660	319,034
TOTAL LIABILITIES	633,684	553,880	280,069	299,063	299,063	285,446	223,142
STOCKHOLDERS' EQUITY	488,013	402,463	352,420	151,834	151,834	137,214	95,892
<b>IMPORTANT RATIOS</b>							
GROSS PROFIT MARGIN	26%	26%	26%	24%	25%	24%	30%
LONG TERM DEBT TO EQUITY	61%	74%	21%	65%	65%	55%	57%
RETURN ON EQUITY	22%	22%	22%	28%	10%	35%	22%
CURRENT RATIO	1.45	1.94	2.16	1.70	1.70	1.55	1.44

\* The Company applied and received permission from Tax Administration Jamaica to change the year end from December 31 to March 31. In effecting this change, the Company was audited for the three months period January 1 to March 31. As a result the actual financial performance for the period April 1, 2012 to March 31, 2013 were restated and used for comparative analysis.

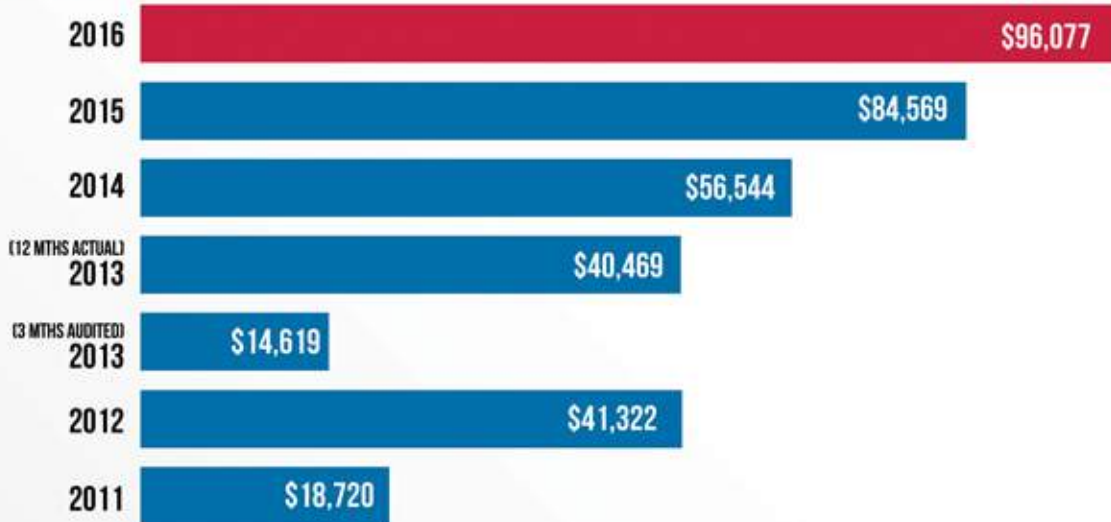
## SALES REVENUE (\$'000)



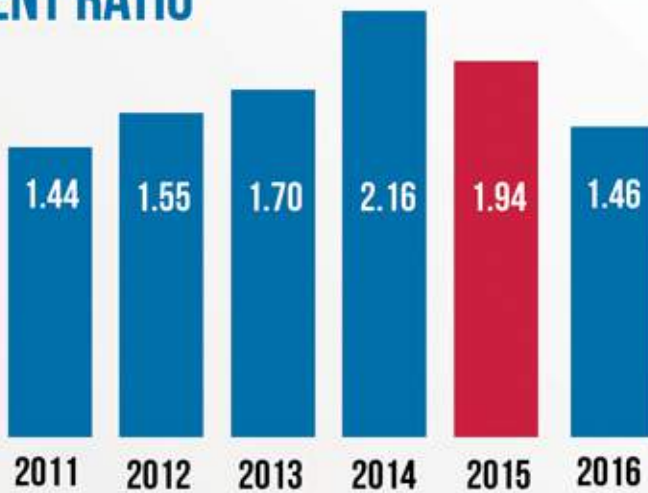
## GROSS PROFIT (\$'000)



## PROFIT AFTER TAX (\$'000)



## CURRENT RATIO





# OUR LEADERSHIP TEAM



**GERARD WHYTE**  
Business Development  
Manager

A glimpse at Mr. Whyte's resume reveals a career in the pharmaceutical industry dating back to 1980 with a long thread of positions held while at Cari-Med Ltd and Glaxo-SmithKline Caribbean - Medical Representative, Supervisor and Caribbean District Manager. Prior to joining MDS in 2009, Mr. Whyte was a founding partner at Inter Commercial Distributors Ltd where he was Director of Sales & Marketing. As the Business Development & Client Relations Manager of MDS, Mr Whyte establishes and manages commercial expansion by driving sales activities, exploring leads and playing an integral role in new business acquisition. With relationships being central to the growth of the Company in this business-to-business environment, Mr. Whyte also holds the reins in maintaining institutional and client relations.

*B.Sc. Biochemistry & Zoology (honours) - University of the West Indies.*



**LENWORTH MURRAY**  
Trade Manager

Mr. Murray's longstanding career in the medical field began in 1991 at Cari-Med Ltd. During his professional career, he has enjoyed the challenges of varying roles including that of Sales Representative, Medical Representative for the Apotex brand, North Caribbean Sales Manager for Apotex Inc., Pharma Sales Supervisor and Medical Representative for Schering Plough Caribe. Mr. Murray joined the MDS team as Trade Manager in 2012; a role which designates him responsible for managing sales output, strengthening communication in distribution channels, enhancing customer relationships in the trade, steering on-the-ground activities in outlets serviced by MDS and promoting the MDS brand & products to target users. His more than 18 years of experience in the pharmaceutical industry and over half-a-decade in the sales field have equipped him with a strong understanding of the world of pharmaceuticals, a robust network base and invaluable sales skills.

*B.Sc. Management Studies  
University of the West Indies.*



**ANTOINETTE  
ARCHER McDONALD**  
Sales Supervisor

Mrs. McDonald is the newest entrant to the MDS family, having joined in February 2016 as Sales Supervisor with direct responsibility for the Dr. Reddy's Laboratories (DRL) line. Through keen analysis of the internal and external environments, she guides the DRL-specific Sales Team to optimise business outcomes. She also manages the development of brand building strategies, product growth approaches and the advancement of consumer relationships. Prior to coming to MDS, Mrs. McDonald enjoyed 17 years in the pharmaceutical arena, often working for some of the most well-respected companies in the industry including Glaxo-SmithKline Caribbean Limited and Cari-Med Limited. Her varying roles, including that of Sales Coordinator, Sales Representative and Medical Representative, have made her well-equipped to create a profound footprint on the MDS team through the depth of knowledge gleaned from her broad wealth of experiences and her uncanny way of engaging people - both staff and customers alike.

*Marketing Management Diploma  
Institute of Management &  
Production.*



**JANICE PITTER**  
Financial Controller

Ms. Pitter joined MDS in February 2013 after serving for nine years at one of the island's oldest and largest retail manufacturing and distribution companies. While there, her varying capacities included that of Finance Manager and Chief Accountant. These posts were superseded by her 12-year tenure as Audit Senior at BDO Chartered Accountants. Ms. Pitter serves on the MDS executive team as Financial Controller, a role which allows her oversight of the Company's corporate financial strategy and the continued buoyance of the operation in Jamaica. In particular, she integrates her regulatory expertise and financial acumen to streamline procedures related to planning, procurement, investment and accounting.

*FCCA, CA.*



# HUMAN RESOURCES

“ NEVER DOUBT THAT A SMALL GROUP OF THOUGHTFUL COMMITTED CITIZENS CAN CHANGE THE WORLD. INDEED, IT IS THE ONLY THING THAT EVER HAS.

Creation of economic value is only a part of our story. The bulk of our narrative is our people, our values, our passion and our way of doing things – intangibles that cannot be financially measured or modelled, but truly make a difference. We care deeply about our colleagues and it is only natural that this internal way of being seeps into the way we treat our external partners for whom we have a deep affinity. The sentiments of many guests validate this through their description of a genuine homely warmth they feel when visiting, due in large part to the approachable, fun-loving and down-to-earth nature of our people – confirmation that the small details play a great role in the way we connect.

Our MDS family understands that we are a valuable extension of our partners' businesses; that our conduct and performance not only impact the equity of the lettering stitched on our shirts, but also affect the brands of our suppliers and our resellers.

Our prescription for growth rests heavily on the 48 links in our MDS chain - our team members - who develop solutions for the needs and challenges of our clients and partners. Since the 2015 – 2016 financial year we have strengthened our Pharmacy, Warehouse, Delivery and Collections teams, placing us in the best staffing position we have enjoyed since inception. The collaborative working style we employ emphasises tolerance for each other, despite the diverging opinions that inevitably arise. We work as a unit that is committed to acting with integrity and an intense focus on service excellence.

Producing an effective workforce is important to us. But, of equal significance is the development of a well-rounded, talented and complementary team that is constantly challenged to become sharper, smarter, better versions of themselves. The MDS leadership team continues to fuel this through our "In the Streets" exchange programme, the rotation of departmental duties that allows personnel to become fluent across activities and mandatory presentation exercises required of all members on occasion.



## Contests, Challenges & Connections

We understand that a workplace can't be productive without healthy and happy people. As a result, we design outlets to engage employees in social settings to encourage personal interactions, sometimes through wholesome competition. Take for example our Biggest Loser Weight Challenge or the Pharmaceutical Society of Jamaica's 5K Run that saw us sprinting to the podium to collect our 'Best Dressed Team' Award for our second consecutive year.



## EM.V.P.

Each month we try to recognise employees who have demonstrated efforts to go the 'Extra Mile' for our customers, our fellow colleagues and/or the Company. These acts may be grandiose gestures or small details, but all serve to ultimately strengthen our Company culture, perpetuate our way of doing business and strengthen the relationship with our customers.



## Celebrations

We celebrate each other's milestones and honour any painful moments being experienced by any of our team members and our customers. This year was particularly special as we gave 'pregnant' pause to celebrate the pending arrival of two new babies to the MDS family. Mrs. Yvette Duncan-Brown and Miss Kelly Adams, the expectant mothers, were feted and showered with love as we wished them a safe landing for their bundles of joy. It is a known little fact that as humans, we all like to be thanked and appreciated. In our moments of highlighting each person in our organisation, it is hoped that we will strengthen our ties, and contribute to a healthier future for the Company and preservation of its purpose.



# Summer Internship Programme

It goes without saying that we have an integral concern about the health of our nation. This, however, is not limited to the physical condition of Jamaicans; we are, in fact, adamantly interested in nurturing healthy minds and grounded social beings who can in turn be valuable assets to society. Activating the leadership potential of young men and women is an undertaking we eagerly anticipate each summer. It presents us with the opportunity to develop the next generation of young leaders through experiential learning, an acclimatisation to a professional environment and the sharing of practical wisdom for everyday living.

Our 2015/2016 Internship programme welcomed two young men – Jamele 'Ticka' Hall and Peter-John King – who both made us proud during their school year through stellar football performances and academic results. We remain connected beyond the interns' summer months with us and are touched that they feel as strongly about their experience here as we do for having them with us.







*Good evening my family. I'm not quite sure if you remember me but I certainly have not forgotten you. I recall in my short tenure working there, I received a great deal of motivation to go on in my fifth form year and achieve nine ones. I'm pleased to say your faith in me was not left void as I went on and achieved so in the CSEC 2015 examinations. I'd like to thank everyone at the company for believing in me and also to continue to return the same level of faith you had in me to this company to be the leading medicinal distributors in the Caribbean. As we share a common goal which is excellence in everything we do, I wish this company, my family, God's richest blessings in the future.*

*Delano Dean*

*Summer Intern 2014*



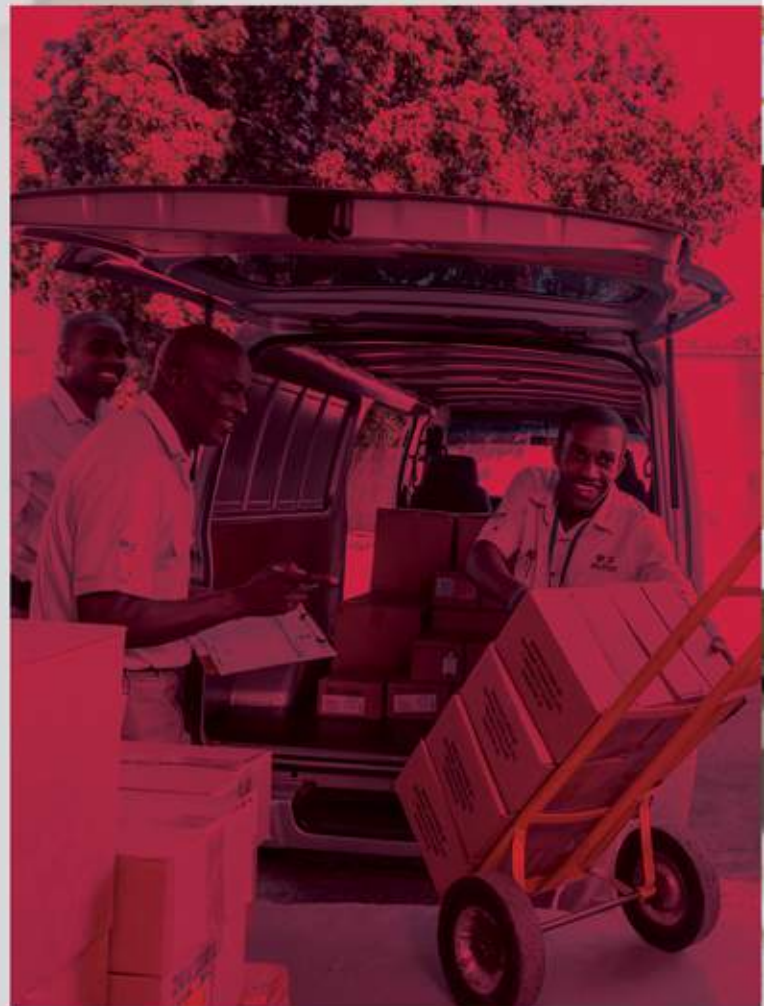


# CUSTOMER CARE

## SWEAT THE SMALL STUFF

At MDS we hold the view that customer service is not only the act of a single department but the intentional effort of the entire team. Our objective goes further than giving the customer high levels of service; it seeks to provide an unforgettable experience at every touchpoint. We operate in such a way that we are perceived as being 'big enough' to manage the business needs of clients but intimate enough to offer the personal engagement that many crave. Our ongoing pursuit of excellence fuels us to travel the extra mile beyond satisfying our customers to delighting them. Despite going the extra mile, we are cognizant of the fact that, at times, what matters most is the extra inch... because small gestures often carry the heaviest weighting. And, since the power of small is huge, we exercise a healthy obsession of being keenly observant and exploring the details.

**AT MDS, WE ALWAYS SWEAT THE SMALL STUFF.**



# DELIVERING EXCELLENCE

Healthcare distribution is about getting the right products to the right retail partners and patients at the right time - safely, quickly and efficiently. Our retail partners rely on this to achieve their business goals. And we, at MDS, take our customers' success incredibly personally.

This sounds easy enough but, in an industry often inundated with vital products and time-critical requests, it can be quite a challenging task. It requires the daily management of a complex supply chain to help our healthcare providers keep their shelves stocked with the medications and products that patients need.

With this tall order, our Warehouse and Dispatch Teams work tirelessly to ensure swift and favourable outcomes for our retail partners. They execute focused meticulous efforts in a rapid and consistent manner to effectively achieve this feat and ultimately 'deliver' excellence. Their pride and passion for outstanding service help to drive us to continual improvements that will allow MDS to be the future in industry standards.



# CORPORATE SOCIAL FOOTPRINT

“DO SMALL THINGS WITH GREAT LOVE.”

How do we determine performance? While our financial goals are definite indicators of the Company's buoyancy, our results cannot be measured without including the act of giving back to the communities we serve. This is not only gauged by the breadth of our reach, but by how deeply we impact lives. Our receipt of heartfelt thanks from customers and individuals who offer words of appreciation because of our presence at an event or the personal interest shown during our interactions is testament to the fact that seemingly small gestures can have a remarkably huge impact on those who receive them. This is the premise that has propelled us in moments when we may believe that our gift is shy of being lavish. It reinforces the notion that when you give with heart, there is power.

To maximise our charitable resources this year, we focused our outreach programmes on healthcare, sport and youth.

## Health Fairs

Health Fairs continued to be a staple in our 'give back' campaign as they simultaneously provide an opportunity to support members of our industry in their customer appreciation events while allowing us to directly interact and care for members of the public. This is always a rewarding experience for us and an equally beneficial occurrence for those with whom we come in contact.

## Anthrick Management Athletics Development Meet

For the second consecutive year, we were sponsors of the Anthrick Management Athletics Development Meet which prepares participants for the Boys & Girls Athletics Championships. We also sponsored the Yardie Sports Under 10 Soccer Fiesta Tournament which found Ballaz International being the Champions.

## Becozinc 'Care' Packages

Our major 'give back' mission for the year was done in partnership with our valued supplier, Dr. Reddy's Laboratories (DRL). We understand that there are many hurdles that athletes have to overcome to be their very best on race day, and every step counts in preparing for the finish line. To help keep these brilliant young track and field stars in tip top shape, Becozinc Vitamins were gifted to many high schools island-wide with a healthy donation of product totalling over JMD\$3.8M. Having these supplies means one less obstacle for schools to jump, one less concern for coaches to worry about and one more stride towards phenomenal talent chasing their dreams. In addition to track and field teams, donations were also made to bootcamp groups and football teams (such as Boys Town, Humble Lion, Maverly Football Clubs).

In the face of Jamaica's health care system coming under pressure with the flu season and being on high alert for the dengue, Zik-V and H1N1 virus infections, heightened national awareness manifested in an understandably general concern from citizens regarding their ability to ward off disease. In an effort to assist persons especially vulnerable to infections and prone to compromised immune systems, MDS embarked on a quest to donate cases of Becozinc Vitamins to healthcare facilities including the Bustamante Hospital for Children, the University Hospital of the West Indies, the Kingston Public Hospital, Children Homes and Infirmaries with a combined retail value of over JMD\$4M. Although these vitamins have no curative properties, they do contain Vitamin B complex, Zinc and Vitamin C – with healthy doses of the latter being known to protect the body against infection and significantly reduce the chances of a person developing illnesses such as the common cold. This gift was shared with patients on various wards and among an extremely vulnerable group of persons who are often exposed to ills of all kinds - hospital workers. It was also hoped that this gesture would help in avoiding the crippling effects the country endures when productivity is hindered by health impairments.

Using resources ranging from financial aid and product support to the talents of our associates, we remain dedicated to improving the lives of Jamaicans by giving back to the communities we serve and continuing to perform small deeds with great love.



| Team Edwin Allen



| Team Holmwood Technical



| Team Hydrel



| Team Glenmuir



| Team Jamaica College



| Team Excelsior High



| Team St. Andrew High



| Team Wolmer's Boys



| Team Calabar



| Team Kingston College

# OUR PARTNERS

Here are a few of our cherished partners who help to assure our on-going ability to fulfil our vision and mission:



DRL is an Indian-based branded generic pharmaceutical manufacturer that is considered among the leading fully-integrated pharmaceutical companies in India but is among the top 10 generic companies in the United States.



Bunny's Products, a line of over-the-counter (OTC) pharmaceutical products, was established over 30 years ago and is manufactured to the highest international quality standards. Bunny's is manufactured by Supreme Chemicals Limited - a 100% Jamaican owned company.



Flagship Biotech International Ltd (FBI), founded in 2008, is a fully-integrated pharmaceutical company with an established presence in more than 75 countries across the globe. The company is head-quartered in the heart of India (Mumbai).



Vida Labs, established in 2004, is a specialty finished formulation manufacturing pharmaceutical company that is 100% export oriented, with head-quarters in Bangalore, India.



GSK has a significant global presence with commercial operations in more than 150 countries, a network of 86 manufacturing sites in 36 countries and large R&D centres in the UK, USA, Spain and Belgium.



For over 20 years, Morningside Pharmaceuticals Ltd has supplied quality pharmaceuticals and medical products both in the UK and internationally.



Denk Pharma, founded in Munich, Germany in 1948, has a strong focus on export markets; they supply their off-patent premium medicine to over 50 countries around the world. To guarantee high quality consistency, all Denk Pharma products are manufactured, quality controlled and registered in Germany.



Surgimed Corporation is a global provider of medical supplies & devices used in the healthcare industry. Surgimed is headquartered in the United States and services customers in 20 countries.



Victus is a global leader in Clinical Nutrition, Bio-safety Needle Free Connectology, Infusion, Critical Care Systems and Advanced Wound Care.



First Responders Technology Ltd (FRTL) is a Jamaican owned company focusing on the development and design of intelligent medical technology and health care solutions.

There's an easier way to stay dry.



Infused with  
**Aloe Vera  
Extract**

# No Sweat!

Anti-Perspirant Underarm Liners



Premium Quality  
Soft and Comfortable  
Hypoallergenic  
Discreet and Non-Visible



**FIRST**<sup>™</sup>  
**ALERT**

NCIT - 100



**2-YEAR  
LIMITED  
WARRANTY**

# NON-CONTACT INFRARED THERMOMETER



Fast Measurement



Forehead Type



Backlit Display



Fever Alarm



Memory Recall

## SPECIFICATIONS

**GERMAN MADE SENSOR**

**PATENTED PROBE DESIGN TO  
ENSURE ACCURACY**

**EXCELLENT ADAPTATION TO  
AMBIENT TEMPERATURE**

**SWITCH BETWEEN BODY MODE  
AND OBJECT MODE**

**HIGH TEMPERATURE ALARM**

**AUTOMATIC RECALL OF LAST READING**

**LARGE BACKLIT LCD SCREEN**

**SWITCH BETWEEN °C AND °F**

**Measuring Range**

32°C-43°C (89.6°F-109.4°F)

**Accuracy** ±0.3°C(0.54°F)

**Measuring Distance** 5-15cm

**Automatic Shut off** 7 sec

**Display Resolution** 0.1°C(0.1°F)

**Humidity Rate** <85%

**Operating Temperature**

10°C-40°C(50°-104°F)

**Power** 3V-DC 2 x AA Batteries

**LCD size** 31x29mm

**Product Size** 88\*42\*175mm(L\*W\*H)

**Product Weight**

122g(without batteries)

**Standards**

IEC 60601-1 ISO 10993-5

ISO 14971 EN 12470-5

**EXCLUSIVE DISTRIBUTORS**

**MDS**

MEDICAL DISPOSABLES  
& SUPPLIES LIMITED

Unit 26 - The Domes - 85 Hagley Park

Road Kingston 10, Jamaica WI

Tel: 876-906-9994 Fax: 876-906-9996

Email: [service@dmsja.com](mailto:service@dmsja.com)



PMN-100

2-YEAR LIMITED WARRANTY



# VIBRATING MESH ULTRASONIC NEBULIZER SYSTEM

Efficient Aerosol delivery that you can trust

Portable, handy Vibrating Mesh Nebulizer designed for the management of asthma, bronchitis and other respiratory disorders

- Suitable for Adults and Children • Easy-to-use handheld operation
- Ultra-Low Noise and High Frequency Vibration
- Lightweight, Compact and Efficient • Use it anywhere; Home, school or car
- Nebulizes to the last drop • Modern design – Multi-Angle inhalation
- Auto-Shutdown when device is low on medicinal fluid

## SPECIFICATIONS

Ultrasonic Frequency:	140kHz
Nebulizing Rate:	$\geq 0.25\text{ml/min}$
Max/Min Liquid Volume:	8ml/0.5ml
Safety Level:	Type B Class II
Power Supply:	2xAA Batteries
Rated Power:	2W
Nebulizing Head life:	180hrs
Operating Temperature & humidity:	+10 °C - +40 °C, $\leq 85\% \text{ RH}$
Storage Temperature & humidity:	+10 °C - +40 °C, $\leq 85\% \text{ RH}$
MMAD:	Approximately 5 $\mu\text{m}$
Low Battery Indicator:	2.2V $\pm 0.2\text{V}$

EXCLUSIVE DISTRIBUTORS

# MDS

MEDICAL DISPOSABLES & SUPPLIES LIMITED

Unit 26 - The Domes - 85 Hagley Park Road Kingston 10, Jamaica WI  
Tel: 876-906-9994 Fax: 876-906-9996  
Email: service@midsja.com

 **FIRST™**  
ALERT

**1-YEAR  
LIMITED  
WARRANTY**



 **Intelli  
sense**

  
**CLINICALLY PROVEN  
ACCURACY**

**BPM- EA02**

## Advanced One-Step **ELECTRONIC BLOOD PRESSURE MONITOR**

- Simple to use, one-press button
- Auto inflation feature
- Heart Arrhythmia detection
- Time and Date stamp
- Stores up to 200 readings in memory

EXCLUSIVE DISTRIBUTORS

**MDS**  
MEDICAL DISPOSABLES  
& SUPPLIES LIMITED

Unit 26 – The Domes • 85 Hagley Park  
Road Kingston 10, Jamaica W1  
Tel: 876-906-9994 Fax: 876-906-9996  
Email: [service@midsja.com](mailto:service@midsja.com)



**Measurement mode**

Oscillometric method

**Measurement range:**

**Pressure:**

0 -37.3 kPa (0 -280 mmHg)

**Pulse:**

40 -199 times/min

**Accuracy:**

**Static Pressure:**

+/- 0.4kPa (+/- 0.3 mmHg)

**Pulse:**

Within +/- 5%

**Resolution:**

0.1 kPa (1 mmHg)

**Power Supply:**

6V DC / 4 x 1.5V AA Batteries

**Storage Temperature:**

10 °C - 55°C

**Usage Temperature:**

5 °C - 40°C

**Weight:**

530g (excluding batteries)

**Dimensions:**

126mm x 100mm x 53mm

**UPPER ARM TYPE**



Medical Disposables & Supplies Limited

# Financial Statements

March 31,

# 2016

## Independent auditors' report

**Mair Russell Grant Thornton**

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Jamaica, West Indies

To the Members of  
Medical Disposables & Supplies Limited

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Medical Disposables & Supplies Limited, which comprise the statement of financial position as at March 31, 2016 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Partners:  
Kenneth L.Lewis, CD  
Morsia E.Francis  
Sido P.Coy  
Audrey C. Hoyte  
Karen A. Lewis

Chartered Accountants  
Member of Grant Thornton International Ltd

# Independent auditors' report (cont'd)

To the Members of  
Medical Disposables & Supplies Limited

## Auditors' Responsibility (Cont'd)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Medical Disposables & Supplies Limited, as at March 31, 2016, and of its financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

## Report on Other Legal and Regulatory Requirements

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 accompanying financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner required.

Kingston, Jamaica

May 24, 2016

*Mari Russell Grant Thornton*  
Chartered Accountants

Chartered Accountants  
Member of Grant Thornton International Ltd




# Statement of financial position as at March 31, 2016

	Note	2016 \$	2015 \$
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	(5)	472,823,205	349,964,693
Intangible assets	(6)	2,357,135	1,662,477
		<u>475,180,340</u>	<u>351,627,170</u>
<b>Current assets</b>			
Inventories	(7)	287,124,748	266,401,044
Trade and other receivables	(8)	301,140,431	259,239,500
Prepayments		5,448,864	6,130,791
Cash and short-term deposits	(9)	50,486,935	72,944,208
Taxation recoverable		2,316,112	-
		<u>646,517,090</u>	<u>604,715,543</u>
<b>Total assets</b>		<u><b>1,121,697,430</b></u>	<u><b>956,342,713</b></u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	(10)	107,835,764	107,835,764
Revaluation reserve	(11)	35,613,267	35,613,267
Retained profits		344,563,841	259,013,343
<b>Total equity</b>		<u><b>488,012,872</b></u>	<u><b>402,462,374</b></u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	(12)	190,296,137	242,600,872
		<u>190,296,137</u>	<u>242,600,872</u>
<b>Current liabilities</b>			
Bank overdraft	(13)	21,582,115	22,761,304
Trade and other payables	(14)	316,309,695	221,456,505
Current portion of borrowings	(12)	105,496,611	56,895,560
Income tax payable		-	10,166,098
		<u>443,388,421</u>	<u>311,279,467</u>
<b>Total liabilities</b>		<u><b>633,684,558</b></u>	<u><b>553,880,339</b></u>
<b>Total equity and liabilities</b>		<u><b>1,121,697,430</b></u>	<u><b>956,342,713</b></u>

The notes on the accompanying pages form an integral part of these financial statements.

Approved for issue by the Board of Directors on May 24, 2016 and signed on its behalf by:

 ) Director  
Winston Boothe

 ) Director  
Kurt Boothe



## Statement of profit or loss and other comprehensive income for the year ended March 31, 2016

	Note	2016 \$	2015 \$
<b>Revenue</b>	(4c)	<b>1,327,249,471</b>	1,158,720,962
Cost of sales		<b>(977,021,426)</b>	(860,624,282)
<b>Gross profit</b>		<b>350,228,045</b>	298,096,680
Other income	(15)	<b>1,020,180</b>	4,330,554
Administrative expenses		<b>(158,382,977)</b>	(146,175,671)
Selling and promotional costs		<b>(51,190,581)</b>	(41,825,123)
Other operating expenses		<b>(10,198,454)</b>	(10,676,338)
Depreciation		<b>(10,722,218)</b>	(8,175,433)
Operating profit		<b>120,753,995</b>	95,574,669
Finance income	(16)	<b>1,106,753</b>	4,034,504
Gain on disposal of property, plant and equipment		-	300,000
Finance cost	(16)	<b>(23,509,349)</b>	(14,536,283)
Loss on foreign exchange		<b>(965,030)</b>	(744,065)
<b>Profit before tax</b>	(17)	<b>97,386,369</b>	84,628,825
Income tax expense	(18)	<b>(1,309,555)</b>	(60,000)
<b>Profit for the year</b>		<b>96,076,814</b>	84,568,825
<b>Total comprehensive income for the year</b>		<b>96,076,814</b>	84,568,825
<b>Earnings Per Share</b>	(19)	<b>0.37</b>	0.32

The notes on the accompanying pages form an integral part of these financial statements.

## Statement of changes in equity for the year ended March 31, 2016

	Share Capital \$	Revaluation Reserve \$	Retained Profits \$	Total \$
<b>Balance at April 1, 2014</b>	107,835,764	35,613,267	184,970,834	328,419,865
Dividends (Note 20)	-	-	(10,526,316)	(10,526,316)
Transactions with owners	-	-	(10,526,316)	(10,526,316)
Profit for the year 2015 being total comprehensive income	-	-	84,568,825	84,568,825
<b>Balance at March 31, 2015</b>	107,835,764	35,613,267	259,013,343	402,462,374
Dividends (Note 20)	-	-	(10,526,316)	(10,526,316)
Transactions with owners	-	-	(10,526,316)	(10,526,316)
Profit for the year 2016 being total comprehensive income	-	-	96,076,814	96,076,814
<b>Balance at March 31, 2016</b>	<b>107,835,764</b>	<b>35,613,267</b>	<b>344,563,841</b>	<b>488,012,872</b>

The notes on the accompanying pages form an integral part of these financial statements.

## Statement of cash flows for the year ended March 31, 2016

	Note	2016 \$	2015 \$
<b>Cash flows from operating activities:</b>			
Profit before tax		97,386,369	84,628,825
Adjustments for:			
Depreciation and amortisation	(5&6)	10,722,218	8,175,433
Interest expense	(16)	23,509,349	14,536,283
Interest income	(16)	(1,106,753)	(4,034,504)
Gain on disposal of property, plant and equipment		-	(300,000)
Loss on foreign exchange - other loans		2,080,230	1,644,430
		<u>132,591,413</u>	<u>104,650,467</u>
Increase in inventories		(20,723,704)	(67,093,635)
Increase in trade and other receivables		(41,900,931)	(32,593,532)
Decrease/(increase) in prepayments		681,927	(5,483,491)
Increase in trade and other payables		94,853,190	69,585,740
<b>Cash generated from operations</b>		<u>165,501,895</u>	<u>69,065,549</u>
Income taxes paid		(13,527,170)	(10,316,350)
<b>Net cash provided by operating activities</b>		<u>151,974,725</u>	<u>58,749,199</u>
<b>Cash flows from investing activities:</b>			
Additions to property, plant and equipment	(5)	(133,389,634)	(262,923,587)
Addition to intangible assets	(6)	(885,754)	(597,915)
Proceeds from disposal of property, plant and equipment		-	300,000
Interest received (net of withholding tax)		842,158	3,018,319
<b>Net cash used in investing activities</b>		<u>(133,433,230)</u>	<u>(260,203,183)</u>
<b>Cash flows from financing activities:</b>			
Proceeds from borrowings		100,000,000	305,000,000
Repayment of borrowings		(105,783,914)	(80,840,006)
Interest paid		(23,509,349)	(14,536,283)
Dividends paid		(10,526,316)	(10,526,316)
<b>Net cash (used in)/provided by financing activities</b>		<u>(39,819,579)</u>	<u>199,097,395</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(21,278,084)</u>	<u>(2,356,589)</u>
<b>Cash and cash equivalents at beginning of year</b>		<u>50,182,904</u>	<u>52,539,493</u>
<b>Cash and cash equivalents at end of year</b>	(9)	<u>28,904,820</u>	<u>50,182,904</u>

The notes on the accompanying pages form an integral part of these financial statements.

# Notes to the financial statements

## March 31, 2016

### 1. Identification and activities

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

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

The company is domiciled in Jamaica with registered offices located at 83 Hagley Park Road, Kingston 10, Jamaica.

The main activity during the year was the sale of pharmaceutical, medical and other supplies.

### 2. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with the relevant provisions of the Jamaican Companies Act.

### 3. Changes in accounting policies

#### i New and revised standards, interpretations and amendments to published standards effective in the current year

Certain new and amended standards and interpretations to existing standards have been published and became effective during the current financial year. The company has assessed the relevance of all such new standards, interpretations and amendments and has determined that none will have a material impact on the company.

#### ii Standards, amendments and interpretations issued but not yet effective

At the date of approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been early adopted by the company.

Management anticipates that all relevant pronouncements will be adopted in the company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the company's financial statements are provided below:

## Medical Disposables & Supplies Limited

Notes to the financial statements  
March 31, 2016

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### *IFRS 9 Financial Instruments*

The IASB aims to replace IAS 39 Financial Instruments: Recognition and Measurement (IAS 39) in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning January 1, 2016. Chapters dealing with impairment methodology and hedge accounting are still being developed. Further, in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address application issues. The company's management has yet to assess the impact of this new standard on the company's financial statements. However, management does not expect to implement IFRS 9 until all its chapters have been published and they can comprehensively assess the impact of all changes.

### *IFRS 15 Revenue from Contracts with Customers*

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

IFRS 15 is effective for reporting periods beginning on or after January 1, 2017. The company's management has not yet assessed the impact of IFRS 15 on these financial statements.

### *IFRS 16 Leases (effective for annual reporting period beginning on or after January 1, 2019)*

Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees.

Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### **Annual Improvements**

The Annual Improvements 2010 – 2012, 2011 – 2013 and 2012 -2014 made several minor amendments to a number of IFRSs. The Annual Improvements are effective for various periods beginning on or after January 1, 2014 to January 1, 2016. There was no material impact and management does not anticipate a material impact on the company's financial statements from these Amendments which are effective and those that are to become effective.

#### 4. Summary of significant accounting policies

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

##### a. Property, plant and equipment

- (i) Property, plant and equipment are carried at cost or fair value less accumulated depreciation and impairment losses.
- (ii) Land and buildings are recognised at fair value based on their use at the date of valuation less any subsequent impairment losses. Fair value is determined in valuations carried out by external professional valuers once every (5) years, unless market-based factors indicate a material change in fair value. Any surplus arising on revaluation of land and buildings is recognised in other comprehensive income and accumulated in equity under revaluation reserve, unless the carrying amounts of those assets had previously suffered a revaluation decrease or impairment loss which was recognised in profit or loss. To the extent that any decrease had previously been recognised in profit or loss, a revaluation increase reversing the decrease is recognised in profit or loss with the remaining part of the increase recognised in other comprehensive income and accumulated in equity under revaluation reserve.

Downward revaluations of land and buildings are recognised upon revaluation or impairment testing, with the decrease being charged to other comprehensive income to the extent of any surplus in equity relating to this asset and any remaining decrease recognised in profit or loss.

Land and building purchased during the previous financial year is carried at cost. Cost comprises acquisition price including construction cost and borrowing costs capitalised.

- (iii) Depreciation is charged on assets from the date of acquisition.

Depreciation is provided on the straight line basis at such rates as will write off the cost of various assets over the period of their expected useful lives.

The following useful lives are applied:

Furniture, fixtures and equipment	10 – 20%
Computers	20%
Motor vehicles	20%
Buildings	2.5%

- (iv) Repairs and renewal

The costs of repairs and renewals which do not enhance the value of existing assets are written off to profit or loss as they are incurred.

##### b Inventories

Inventories are stated at the lower of cost, determined on the average cost basis, and net realisable value. Costs of inventory comprise cost of pharmaceuticals and supplies plus applicable charges; net realisable value is based upon estimated selling price less cost to sell.

## Medical Disposables & Supplies Limited

Notes to the financial statements  
March 31, 2016

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### **c Revenue recognition**

Revenue arises from the sale of goods. It is measured at the fair value of consideration received or receivable, excluding General Consumption Tax, trade discounts or rebates.

A sale of goods is recognised when the company has transferred to the buyer the significant risk and rewards of ownership, generally when the customer accepts undisputed delivery of the goods.

### **d Finance and other income**

Finance and other income comprise interest earned on short-term investments and miscellaneous income. Income is recognised on the basis of agreements in place or when it has been transferred to the third parties.

### **e Foreign currency translation**

#### *Functional and presentation currency*

The financial statements are prepared and presented in Jamaican dollars, which is the functional currency of the company.

#### *Foreign currency translations and balances*

- (i) Foreign currency balances at the end of the reporting period have been translated at rates of exchange ruling at that date.
- (ii) Transactions in foreign currency are converted at rates of exchange ruling at the dates of those transactions.
- (iii) Gains/losses arising from fluctuations in exchange rates are included in profit or loss.

### **f Cash and cash equivalents**

The above comprise cash on hand and demand deposits together with other short-term highly liquid investments maturing within ninety (90) days from the date of acquisition that are readily convertible in known amounts of cash and bank overdraft.

### **g Income tax**

Income tax on the results for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using the tax rate enacted at statement of financial position date, and any adjustments to tax payable in respect of previous years.

Deferred tax is accounted for using the liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for taxable differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary difference can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability settled. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it is related to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

## **h Financial instruments**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

### **Financial assets**

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss;
- held-to-maturity investments; and
- available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'finance income', and 'finance costs' except for impairment of trade receivables which is presented within 'other operating expenses'.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. A provision for doubtful debt is recognised when there is an indication that the debt is impaired. Impairment of trade receivables are presented within 'other operating expenses'.



## Medical Disposables & Supplies Limited

Notes to the financial statements  
March 31, 2016

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### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. None of the company's financial assets fall into this category.

### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the company has the intention and ability to hold them until maturity. None of the company's financial assets fall into this category.

### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. None of the company's financial assets fall into this category.

## **Financial liabilities**

The company's financial liabilities include borrowings and trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'finance costs' or 'finance income'.

### **i Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

#### **Borrowings costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

### **j Impairment**

The company's property, plant and equipment are subject to impairment testing.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

### **k Intangible asset – computer software**

Computer software is capitalised on the basis of the costs incurred to acquire and install the specific software.

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in note 4j. The useful lives approximate to five (5) years. The initial amortisation period will commence in the month following capitalisation.

Subsequent expenditures on the maintenance of computer software are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

### **l Equity, reserves and dividend payments**

Share capital is determined using the par value of shares that have been issued and any premiums received on the initial issuing of shares. Any transaction costs associated with the issuing of shares are deducted from premiums received.

Revaluation reserve comprises the accumulated surplus arising on the revaluation of property, plant and equipment.

Retained profits include all current and prior period results as disclosed in the statement of comprehensive income.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved by the shareholders prior to the reporting date.

### **m Leases**

#### **Finance Leases**

In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease.

Subsequent accounting for assets held under finance lease agreements, that is, depreciation methods and useful lives, correspond to those applied to comparable acquired assets. The corresponding finance leasing liability is reduced by lease payments

less finance charges, which are expensed to finance costs. Finance charges represent a constant periodic rate of interest on the outstanding balance of the finance lease liability.

### **Operating Leases**

All other leases are treated as operating leases. Where the company is a lessee, payments under operating leases are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

### **n Operating expenses**

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin. Expenditure for warranties is recognised and charged against the associated provision when the related revenue is recognised.

### **o Comparative information**

Certain prior year figures have been restated to conform to current year's presentation.

### **p Significant management judgement in applying accounting policies and estimation**

Use of estimates and judgements

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts reported in the financial statements. These estimates are based on historical experience and management's best knowledge of current events and actions. Actual results may differ from these estimates and assumptions.

There were no critical judgements, apart from those involving estimation, that management has made in the process of applying the company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

- (i) Depreciation of property, plant and equipment and amortisation of intangible assets.

Depreciation is provided so as to write down the respective assets to their residual values over their expected useful lives and, as such, the selection of the estimated useful lives and the expected residual values of the assets require the use of estimates and judgements. Details of the estimated useful lives are as shown in Note 4(a).

- (ii) Taxation

The company is required to estimate income tax payable to Tax Administration Jamaica on any profit derived from operations (Note 18). This requires an estimation of the current tax liability together with an assessment of the temporary differences which arise as a consequence of different accounting and tax treatments. These temporary differences result in deferred tax assets or liabilities which are included in the statement of financial position. Deferred tax assets and liabilities are measured using the enacted tax rate at the date of that statement of financial position.

If the tax eventually payable or recoverable differs from the amounts originally estimated then the difference will be accounted for in the accounts in the year such determination is made.

### (iii) Impairment

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the valuation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

### **q Interest income and expense**

Interest income and expense are recognised in the statement of comprehensive income on an accrual basis using the effective interest method.

### **r Short-term employee benefits**

Short-term employee benefits including holiday entitlement are current liabilities included in accruals, measured at the undiscounted amount that the company expects to pay as a result of the unused entitlement.

### **s Operating segments**

The company has two operating segments, pharmaceutical, medical and other supplies. However, the revenue from the sale of these other items is not considered material and therefore no segment reporting is disclosed in these financial statements.

## Medical Disposables & Supplies Limited

Notes to the financial statements  
March 31, 2016

### 5. Property, plant and equipment comprise:

The carrying amounts for property, plant and equipment for the period included in these financial statements as at March 31, 2016 can be analysed as follows:

	Land \$	Buildings \$	Leasehold Improvement \$	Furniture Fixtures and Equipment \$	Computers \$	Motor Vehicles \$	Total \$
<b>Gross carrying amount</b>							
Balance at April 1, 2015	39,000,000	282,371,903	2,164,756	18,864,977	4,005,406	28,557,136	374,964,178
Additions	-	89,331,401	661,653	40,348,745	3,047,835	-	133,389,634
Transfer	-	-	-	29,305	(29,305)	-	-
<b>Balance at March 31, 2016</b>	<b>39,000,000</b>	<b>371,703,304</b>	<b>2,826,409</b>	<b>59,243,027</b>	<b>7,023,936</b>	<b>28,557,136</b>	<b>508,353,812</b>
<b>Depreciation</b>							
Balance at April 1, 2015	-	(1,212,500)	(491,136)	(8,828,383)	(3,873,906)	(10,593,560)	(24,999,485)
Depreciation	-	(3,232,521)	(114,377)	(2,593,329)	(416,572)	(4,174,323)	(10,531,122)
<b>Balance at March 31, 2016</b>	<b>-</b>	<b>(4,445,021)</b>	<b>(605,513)</b>	<b>(11,421,712)</b>	<b>(4,290,478)</b>	<b>(14,767,883)</b>	<b>(35,530,607)</b>
<b>Carrying amount at March 31, 2016</b>	<b>39,000,000</b>	<b>367,258,283</b>	<b>2,220,896</b>	<b>47,821,315</b>	<b>2,733,458</b>	<b>13,789,253</b>	<b>472,823,205</b>

- i Land and buildings located at 85 Hagley Park Road, Kingston 10, were revalued by independent valuers, David Thwaites and Associates, Chartered Valuation Surveyors, on May 21, 2014. The resulting increase in valuation has been credited to revaluation reserve in equity.
- ii Under the cost model, the carrying amount of revalued land and buildings at 85 Hagley Park Road, Kingston 10, at reporting date would be \$31,126,891 (2015 - \$32,045,091).
- iii Land, building and certain motor vehicles have been pledged as security for loans received from a financial institution (Note 12 (i) &(ii)).

## Medical Disposables & Supplies Limited

Notes to the financial statements  
March 31, 2016

### 5. Property, plant and equipment comprise (cont'd):

	Land \$	Buildings \$	Leasehold Improvement \$	Furniture Fixtures and Equipment \$	Computers \$	Motor Vehicles \$	Total \$
<b>Gross carrying amount</b>							
Balance at April 1, 2014	24,000,000	48,500,000	2,164,756	16,045,470	3,591,697	19,048,668	113,350,591
Additions	15,000,000	233,871,903	-	2,819,507	413,709	10,818,468	262,923,587
Disposal	-	-	-	-	-	(1,310,000)	(1,310,000)
<b>Balance at March 31, 2015</b>	<b>39,000,000</b>	<b>282,371,903</b>	<b>2,164,756</b>	<b>18,864,977</b>	<b>4,005,406</b>	<b>28,557,136</b>	<b>374,964,178</b>
<b>Depreciation</b>							
Balance at April 1, 2014	-	-	(382,898)	(6,901,809)	(3,115,274)	(8,625,215)	(19,025,196)
Depreciation	-	(1,212,500)	(108,238)	(1,926,574)	(758,632)	(3,278,345)	(7,284,289)
Eliminated on disposal	-	-	-	-	-	1,310,000	1,310,000
<b>Balance at March 31, 2015</b>	<b>-</b>	<b>(1,212,500)</b>	<b>(491,136)</b>	<b>(8,828,383)</b>	<b>(3,873,906)</b>	<b>(10,593,560)</b>	<b>(24,999,485)</b>
<b>Carrying amount at March 31, 2015</b>	<b>39,000,000</b>	<b>281,159,403</b>	<b>1,673,620</b>	<b>10,036,594</b>	<b>131,500</b>	<b>17,963,576</b>	<b>349,964,693</b>

## Medical Disposables & Supplies Limited

Notes to the financial statements  
March 31, 2016

### 6. Intangible assets – software

Details of intangible assets and their carrying amounts are as follows:

	Acquired Software \$	Total \$
<b>Gross carrying amount</b>		
Balance at April 1, 2015	4,455,722	4,455,722
Addition	885,754	885,754
<b>Balance at March 31, 2016</b>	<b>5,341,476</b>	<b>5,341,476</b>
<b>Amortisation</b>		
Balance at April 1, 2015	(2,793,245)	(2,793,245)
Charge for year	(191,096)	(191,096)
<b>Balance at March 31, 2016</b>	<b>(2,984,341)</b>	<b>(2,984,341)</b>
<b>Carrying amount at March 31, 2016</b>	<b>2,357,135</b>	<b>2,357,135</b>

	Acquired Software \$	Total \$
<b>Gross carrying amount</b>		
Balance at April 1, 2014	3,857,807	3,857,807
Addition	597,915	597,915
<b>Balance at March 31, 2015</b>	<b>4,455,722</b>	<b>4,455,722</b>
<b>Amortisation</b>		
Balance at April 1, 2014	(1,902,101)	(1,902,101)
Charge for year	(891,144)	(891,144)
<b>Balance at March 31, 2015</b>	<b>(2,793,245)</b>	<b>(2,793,245)</b>
<b>Carrying amount at March 31, 2015</b>	<b>1,662,477</b>	<b>1,662,477</b>

### 7. Inventories

	2016 \$	2015 \$
Pharmaceuticals	206,128,238	176,656,157
Medical and other supplies	43,586,483	35,533,191
Goods in transit	37,410,027	55,124,382
	<b>287,124,748</b>	267,313,730
Less: provision for obsolete inventory	-	(912,686)
<b>Total</b>	<b>287,124,748</b>	<b>266,401,044</b>

The cost of inventories recognised as an expense during the year was \$977,021,426 (2015 \$860,624,282). This includes \$1,466,319 (2015 - \$2,482,874) in respect of expired items write-downs to net realisable value.

### 8. Trade and other receivables

	2016 \$	2015 \$
Trade	286,826,238	251,286,735
Less: Specific provision for doubtful debts	(24,957,201)	(14,697,004)
	<b>261,869,037</b>	236,589,731
Other	39,271,394	22,649,769
<b>Total</b>	<b>301,140,431</b>	<b>259,239,500</b>

## Medical Disposables & Supplies Limited

Notes to the financial statements  
March 31, 2016

All amounts are short-term and the carrying value is considered a reasonable approximation of fair value.

Bad debt specific provision is as follows:

	2016	2015
	\$	\$
Balance at beginning of year	14,697,004	6,589,710
Receivables recovered during the year	(3,655,666)	(253,667)
Increase in provision during the year	14,312,820	11,205,302
Receivables written off during the year	(396,957)	(2,844,341)
<b>Balance at end of year</b>	<b>24,957,201</b>	<b>14,697,004</b>

### 9. Cash and cash equivalents

	Interest Rate	2016	2015
	% p.a.	\$	\$
<b>Cash and short-term deposits:</b>			
Bank and cash:			
Petty Cash		30,000	30,000
- J\$ Current account		13,450,837	5,860,482
- US\$ Savings account (US\$69,827- (2015 - US\$235,164))	0.20	8,497,999	26,988,850
Sterling savings account (£321 - (2015 - £320.42))	0.25	55,389	54,203
<b>Cash at bank and in hand</b>		<b>22,034,225</b>	<b>32,933,535</b>
Short-term deposits	2.0 - 2.85	28,452,710	40,010,673
<b>Total cash and short-term deposits</b>		<b>50,486,935</b>	<b>72,944,208</b>
Less: Bank overdraft (Note 13)		(21,582,115)	(22,761,304)
<b>Total cash and cash equivalents</b>		<b>28,904,820</b>	<b>50,182,904</b>

Included in cash and cash equivalents is \$7,957,190 (2015 - \$6,529,919) which represents amounts held for a major supplier (Note 14).

### 10. Share capital

	2016	2015
	\$	\$
Authorised:		
408,000,000 ordinary shares (2015 - 408,000,000)		
Stated capital		
Issued and fully paid:		
263,157,895 ordinary shares	107,835,764	107,835,764
<b>Balance at end of the year</b>	<b>107,835,764</b>	<b>107,835,764</b>

### 11. Revaluation reserve

	2016	2015
	\$	\$
Balance at beginning of year representing:		
Unrealised surplus arising on the revaluation of certain fixed assets – Land	10,386,942	10,386,942
– Building	25,226,325	25,226,325
<b>Balance at end of year</b>	<b>35,613,267</b>	<b>35,613,267</b>



## Medical Disposables & Supplies Limited

Notes to the financial statements  
March 31, 2016

### 12. Borrowings

	2016 \$	2015 \$
Loans –		
i Bank of Nova Scotia (BNS) – Non-revolving loan	199,282,748	205,066,662
ii Bank of Nova Scotia – Revolving loan	50,000,000	50,000,000
iii Other	46,510,000	44,429,770
	<b>295,792,748</b>	<b>299,496,432</b>
Less: Current portion	105,496,611	56,895,560
<b>Total</b>	<b>190,296,137</b>	<b>242,600,872</b>

- i (a) A loan of \$1.7 million was received November 29, 2011 towards the purchase of a 2011 Nissan Urvan Panel Van to be repaid over a period of sixty (60) months. Interest is fixed at a rate of thirteen percent (13%) per annum for a period of twenty four (24) months which commenced November 29, 2011; thereafter the rate payable on the principal balance outstanding from time to time will be at the bank's base lending rate existing at the time. The loan is to be fully repaid on November 29, 2016.
- (b) A loan of \$5 million was received September 29, 2014 towards the purchase of a 2014 Mercedes Benz to be repaid over a period of sixty (60) months, amortising over one hundred and twenty (120) months. Interest is fixed at a rate of nine point five percent (9.5%) per annum for a period of twenty four (24) months which commenced September 29, 2014; thereafter the rate of interest will be ten point five percent (10.5%) per annum. The loan will mature on September 29, 2019, when full repayment is expected.
- (c) A loan of \$200 million was received January 2, 2015 towards the purchase of commercial real estate. The loan is for a period of sixty (60) months with twelve (12) months moratorium on principal payments. Interest is fixed at a rate of ten point three percent (10.3%) per annum for a period of thirty six (36) months which commenced January 2, 2015; thereafter the rate of interest will be The Weighted Average Treasury Bill Yield (WATBY) plus three percent (3%) per annum. The loan repayment is to commence twelve months after drawdown and will mature sixty (60) months after drawdown, when the loan is to be fully repaid.
- ii The revolving loans bear interest at a rate of twelve percent (12%) per annum and mature within 180 days from the loan drawdown date.

Bank loans and overdraft are secured by:

- Legal Mortgages stamped for an aggregate of \$61,000,000 over commercial properties at units #25, 26 and 27, located at 85 Hagley Park Road, Kingston 10 registered at Volume 1327 Folio 620, Volume 1327 Folio 621 and Volume 1312 Folio 165 respectively, having an aggregate appraised value of \$79,554,000.
- All Risk Peril Insurance policy totalling \$226,000,000 including buildings and machinery, equipment and inventory which are located at units 25, 26, and 27 at 85 Hagley Park Road, Kingston 10 to expire May 7, 2016.
- Bill of sale over 2011 Nissan Urvan Panel Van stamped to cover \$1,700,000.
- Comprehensive insurance over 2011 Nissan Urvan Panel Van in the amount of \$2,739,400 endorsed in favour of the bank.

## Medical Disposables & Supplies Limited

Notes to the financial statements  
March 31, 2016

- Bill of sale over 2014 Mercedes Benz sedan motor vehicle stamped to cover \$5,000,000.
  - Comprehensive insurance over 2014 Mercedes Benz sedan motor vehicle in the amount of \$11,495,000 endorsed in favour of the bank.
  - Legal Mortgage stamped for \$210,000,000 over commercial property at 83 Hagley Park Road, Kingston 10, registered at Volume 1066 Folio 337 and Volume 1066 Folio 338 with an appraised value of \$230,000,000.
  - All Risk Peril Insurance policy over property located at 83 Hagley Park Road, Kingston 10.
  - Joint and several guarantees of directors limited to \$200,000,000.
- iii This represents loans from third parties of J\$10,000,000 and US\$300,000 (J\$36,510,000) that are unsecured and bear interest at rates of ten point three percent (10.3%) and ten percent (10%) per annum, respectively.

The loan amounting to J\$10,000,000 has no fixed repayment term.

The loan amounting to US\$300,000 is to be replaced as follows:

- US\$100,000 to be repaid on or before July 31, 2016.
- US\$200,000 to be repaid on or before February 28, 2017

### 13. Bank overdraft

The company has an overdraft facility of \$70,000,000 which bears interest at fifteen point seven five percent (15.75%) per annum. The securities held are disclosed at Note 12.

### 14. Trade and other payables

	2016 \$	2015 \$
Trade	266,654,250	191,251,200
Accruals	12,115,885	7,117,201
Interest accrued	257,500	375,000
Other	37,282,060	22,713,104
<b>Total</b>	<b>316,309,695</b>	<b>221,456,505</b>

Included in other payables is \$7,957,190 (2015 - \$6,529,919) which represents balances held for a major supplier. The amount is represented by balance included in the company's cash and cash equivalents (Note 9).

All amounts are short-term and the carrying value is considered a reasonable approximation of fair value.

### 15. Other income

	2016 \$	2015 \$
(i) Warehousing service fee	1,020,180	-
(ii) Occupancy fee	-	4,330,554
<b>Total</b>	<b>1,020,180</b>	<b>4,330,554</b>



## Medical Disposables & Supplies Limited

Notes to the financial statements  
March 31, 2016

i Income tax adjusted for tax purposes and computed at the tax rate of 25% comprise:

	2016	2015
	\$	\$
Current tax	-	-
Minimum Business Tax	60,000	60,000
Deferred	-	-
Prior year adjustment	1,249,555	-
<b>Total</b>	<b>1,309,555</b>	<b>60,000</b>

Prior year adjustment represents under provision of tax liability for prior years.

ii Reconciliation of theoretical tax charge to effective tax charge:

	2016	2015
	\$	\$
<b>Profit before tax</b>	<b>97,386,369</b>	<b>84,628,825</b>
Tax at the applicable tax rate of 25% - (2015 - 25%)	-	-
Tax effect of expenses not deductible for tax purposes	-	-
Tax effect of income not subject to tax	-	-
Tax effect of allowable capital allowances	-	-
Tax effect of other allowances and charges	-	-
Minimum Business Tax	60,000	60,000
Prior year adjustment	1,249,555	-
<b>Income tax for the year</b>	<b>1,309,555</b>	<b>60,000</b>

### 19. Earnings per share

Basic earnings per share is calculated by dividing profit for the year by the number of ordinary shares in issue 263,157,895 (2015 – 263,157,895).

### 20. Dividends

During the year the company paid final dividends for the financial year 2015 of \$10,526,316 to its equity shareholders. This represents a payment of \$0.04 (2015 – \$0.04) per share, paid on June 19, 2015.

### 21. Operating lease

The company leases some of its offices under an operating lease. The future minimum lease payments at the end of the reporting period are as follows:

	Within One Year \$	Two to Five Years \$	Total \$
<b>2016</b>	-	-	-
<b>2015</b>	3,757,200	15,028,800	18,786,000

Lease expense during the year amounted to \$3,663,200 (2015 - \$3,757,200). The company terminated its leasing arrangement during the year.

## Medical Disposables & Supplies Limited

Notes to the financial statements  
March 31, 2016

### 22. Related party balances and transactions

- i A party is related to the company if:
- a Directly, or indirectly through one or more intermediaries, the party:
    - Is controlled by, or is under common control with the entity;
    - Has an interest in the company that gives it significant influence over the entity;  
or
    - Has joint control over the company.
  - b The party is an associate;
  - c The party is a joint venture in which the company is a venturer;
  - d The party is a member of the key management personnel of the entity or its parent;
  - e The party is a close member of the family of any individual referred to in (a) or (d);
  - f The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
  - g The party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the entity.

- ii The statement of financial position includes balances arising in the normal course of business, with related parties as follows:

	2016	2015
	\$	\$
Included in trade and other receivables	<u>1,152,931</u>	<u>7,185,579</u>

- iii Transactions with key management personnel

Transaction with key management includes executive members of the board.

	2016	2015
	\$	\$
Short-term employee benefits – Salaries including bonuses	<u>20,070,856</u>	<u>19,211,538</u>
<b>Total</b>	<u>20,070,856</u>	<u>19,211,538</u>

- iv The statement of profit or loss and other comprehensive income includes other expenses incurred with related parties as follows:

	2016	2015
	\$	\$
Directors' fees	<u>1,625,000</u>	<u>1,510,000</u>
<b>Total</b>	<u>1,625,000</u>	<u>1,510,000</u>

## Medical Disposables & Supplies Limited

Notes to the financial statements  
March 31, 2016

### 23. Expenses by nature

Total administrative and other operating expenses:

	2016	2015
	\$	\$
Directors' emoluments -		
Fees	1,625,000	1,510,000
Management remuneration	20,070,856	19,211,538
Cost of inventories recognised as expense	977,021,426	860,624,282
Advertising and promotion	6,882,896	4,358,627
Auditors' remuneration – current	2,454,932	2,080,000
– prior	-	422,815
Legal and professional fees	5,636,794	7,137,831
Depreciation and amortisation	10,722,218	8,175,433
Employee benefits (Note 24)	79,901,039	71,788,365
Office rent	3,663,200	3,757,200
Insurance	5,673,136	3,795,627
Utilities	8,684,342	8,193,595
Other expenses	108,689,166	76,421,534
<b>Total</b>	<b>1,231,025,005</b>	<b>1,067,476,847</b>

### 24. Employee benefits

	2016	2015
	\$	\$
Salaries, wages and related expenses	74,019,503	64,868,639
Medical and other staff benefits	5,881,536	6,919,726
<b>Total</b>	<b>79,901,039</b>	<b>71,788,365</b>

The average number of employees at year-end was fifty-one (51), (2015 – forty-seven (47)).

### 25. Risk management policies

The company's activities expose it to a variety of financial risks in respect of its financial instruments: market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The company seeks to manage these risks by close monitoring of each class of its financial instruments as follows:

#### a Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risk, which result from both its operating and investing activities.

##### i Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The company is exposed to currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the Jamaican Dollar. Foreign currency bank accounts denominated in United States Dollars (US\$) and Great Britain pounds (£) are maintained to minimise these risks.

Foreign currency denominated financial assets and liabilities which expose the company to currency risk are described below. The amounts shown are those reported to key management translated into J\$ at the closing rate.

## Medical Disposables & Supplies Limited

Notes to the financial statements  
31, 2016

### Concentrations of currency risk

	2016		2015	
	US\$	J\$	US\$	J\$
<b>Financial assets</b>				
- Cash and cash equivalents	69,827		235,164	
	<b>69,827</b>		<b>235,164</b>	
<b>Financial liabilities</b>				
- Trade payables	(537,976)		(890,029)	
- Borrowings	(300,000)		(300,000)	
	<b>(837,976)</b>		<b>(1,190,029)</b>	
<b>Total net liability</b>	<b>(768,149)</b>		<b>(954,865)</b>	

The above assets/(liabilities) are receivable/payable in United States dollars (US\$) Jamaican Dollars (J\$). The exchange rates applicable at the end of the reporting period is J\$121.70 to US\$1 (2015 – J\$114.76 to US\$1).

### Foreign currency sensitivity

The following table illustrates the sensitivity of the net result for the year end and equity with regards to the company's financial assets and financial liabilities and US Dollar to Jamaican (JA) Dollar exchange rate. Only movements between the Jamaican Dollar and US Dollar are considered, as these are the two major currencies of the company.

The sensitivity analysis is based on the company's United States Dollar financial instruments at the statement of financial position date.

Effect on results of operations:

If the JA Dollar weakens by 6% (2015 – 10%) against the US Dollar then this would have the effect of the amounts shown below on the basis that all other variables remain constant.

	Rate %	Weakens \$
<b>2016</b>	<b>6</b>	<b>(5,609,024)</b>
2015	10	(10,958,031)

If the JA Dollar strengthens against the US Dollar by 1% (2015 – 1%) this would have the following impact:

	Rate %	Strengthens \$
<b>2016</b>	<b>1</b>	<b>934,838</b>
2015	1	1,095,803

#### ii Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The company's cash and cash equivalents are subject to interest rate risk. However, the company attempts to manage this risk by monitoring its interest-bearing instruments closely and procuring the most advantageous rates under contracts with interest rates that are fixed for the life of the contract, where possible.

## Medical Disposables & Supplies Limited

Notes to the financial statements  
March 31, 2016

The company invests excess cash in short-term deposits and maintains interest-earning bank accounts with licensed financial institutions. Short-term deposits are invested for three (3) months or less at fixed interest rates and are not affected by fluctuations in market interest rates up to the dates of maturity. Interest rates on interest-earning bank accounts are not fixed but are subject to fluctuations based on prevailing market rates.

### Interest rate sensitivity

Interest rates on the company's short term deposits and certain loans are fixed up to the date of maturity. However, interest rate of two hundred million dollars (\$200,000,000) loan facility is fixed for the rest of the applicable loan period the interest rate is 3% plus the Weighted Average Treasury Bill Yield (WATBY) per annum. Interest earned from the company's interest-earning bank accounts is immaterial. As such there would be no material impact on the results of the company's operations as a result of fluctuations in interest rates.

### iii Other price risk

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The company's financial instruments are substantially independent of changes in market prices as they are short-term in nature.

## b Credit risk

The company faces credit risk in respect of its receivables and cash and cash equivalents. However, this risk is controlled by close monitoring of these assets by the company. In addition, cash and cash equivalents are maintained with licensed financial institutions considered to be stable. Savings and current accounts held at commercial banks are insured under the Jamaica Deposit Insurance Scheme (JDIS). At the date of the statement of financial position a maximum of \$600,000 per commercial bank is insured under the JDIS.

The maximum credit risk faced by the company is limited to the carrying amount of financial assets recognised at the statement of financial position date, as summarised below:

	2016	2015
	\$	\$
Trade and other receivables	296,847,473	259,239,500
Cash and cash equivalents	50,456,935	72,802,678
<b>Total</b>	<b>347,304,408</b>	<b>332,042,178</b>

The age of trade and other receivables past due but not impaired is as follows:

	2016	2015
	\$	\$
Not more than 3 months	229,807,805	228,966,015
More than 3 months but not more than 6 months	9,599,762	14,064,196
More than 6 months but not more than 1 year	22,461,470	12,450,480
More than 1 year	-	3,758,809
<b>Total</b>	<b>261,869,037</b>	<b>259,239,500</b>



## Medical Disposables & Supplies Limited

Notes to the financial statements  
March 31, 2016

The company does not require collateral or other credit enhancements in respect of trade and other receivables.

### c Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting its commitments associated with financial liabilities.

The company manages its liquidity risk by carefully monitoring its cash outflow needs for day-to-day business and maintaining an appropriate level of resources in liquid or near liquid form to meet its needs. The company maintains cash and short-term deposits for up to three months or less to meet its liquidity requirements.

The company's financial liabilities comprise borrowings and trade and other payables. These amounts are due as follows:

	Current Within 12 Months \$	Non current 2 to 5 Years \$	Later than 5 Years \$
Borrowings	105,496,611	180,296,137	10,000,000
Trade and other payables	316,309,695	-	-
<b>Total</b>	<b>421,806,306</b>	<b>180,296,137</b>	<b>10,000,000</b>

This compares to the maturity of the company's financial liabilities in the previous reporting period as follows:

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting period.

	Current Within 12 Months \$	Non current 2 to 5 Years \$	Later than 5 Years \$
Borrowings	56,895,560	225,434,207	17,166,665
Trade and other payables	222,476,505	-	-
<b>Total</b>	<b>279,372,065</b>	<b>225,434,207</b>	<b>17,166,665</b>

## 26. Fair value measurement of non-financial assets

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at March 31, 2016

March 31, 2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Property, plant and equipment				
Land and buildings	-	-	71,287,500	71,287,500
<b>Total</b>	<b>-</b>	<b>-</b>	<b>71,287,500</b>	<b>71,287,500</b>

Fair value of the company's land and buildings is estimated based on an appraisal by a professionally qualified valuator. The significant inputs and assumptions are developed in close consultation with management.

## Medical Disposables & Supplies Limited

Notes to the financial statements  
March 31, 2016

Land and buildings (Level 3).

The appraisal was carried out using a market approach that reflects observed prices for market transactions and incorporates adjustments for factors specific to the company's property, including size, location, encumbrances and current use of the property. Land and buildings at 85 Hagley Park Road, Kingston 10, were revalued on May 21, 2014.

### 27. Summary of financial assets and liabilities by category

The carrying amount of the company's financial assets and liabilities recognised at the statement of financial position date may be categorised as follows:

	2016	2015
	\$	\$
<b>Financial assets</b>		
<b>Financial assets measured at amortised cost</b>		
Loans and receivables		
Trade and other receivables	296,847,473	259,239,500
Cash and short-term deposits	50,486,935	72,944,208
<b>Total</b>	<b>347,334,408</b>	<b>332,183,708</b>
<b>Financial liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
<b>Non-current liabilities</b>		
Borrowings	190,296,137	242,600,872
<b>Current liabilities</b>		
Bank overdraft	21,582,115	22,761,304
Trade and other payables	316,309,695	221,456,505
Current portion of borrowings	105,496,611	56,895,560
<b>Total</b>	<b>633,684,558</b>	<b>543,714,241</b>

### 28. Capital management, policies and procedures

The company's capital management objectives are to ensure the company's ability to continue as a going concern and to sustain future development of the business. The company's Board of Directors reviews the financial position of the company at regular meetings.

The company maintains a minimum tangible net worth of \$300 Million, which is in line with the covenant included in the terms of the agreement for its borrowings. There are no other externally imposed capital requirements.

There was no change to the company's approach to capital management policies during the year.



# FORM OF PROXY

\$100 stamp  
to be affixed

I/We,

\_\_\_\_\_ [insert name]

of \_\_\_\_\_

\_\_\_\_\_ [address]

being a shareholder(s) of Medical Disposables & Supplies Limited, hereby appoint:

\_\_\_\_\_ [proxy name]

of \_\_\_\_\_

\_\_\_\_\_ [address]

or failing him, \_\_\_\_\_ [alternate proxy]

of \_\_\_\_\_

\_\_\_\_\_ [address]

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 10:00 a.m. on the 27th day of September 2016 at the Courtleigh Hotel & Suites, 85 Knutsford Boulevard, Kingston 5 and at any adjournment thereof.

This Form is to be used as instructed. Unless otherwise instructed the Proxy Form will be used as he/she thinks fit. Please tick the appropriate box.

## ORDINARY RESOLUTIONS

	FOR	AGAINST
Resolution 1		
Resolution 2		
Resolution 3		
Resolution 4		
Resolution 5		
Resolution 6		
Resolution 7		
Resolution 8		

This Form is to be used as instructed. Unless otherwise instructed the Proxy Form will be used as he/she thinks fit. Please tick the appropriate box.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Print Name: \_\_\_\_\_ Signature: \_\_\_\_\_

### NOTES:

1. When completed, this Form of Proxy must be received by the Registrar of the Company, Jamaica Central Securities Depository, 40 Harbour Street, Kingston, Jamaica, W.I. not less than forty-eight (48) hours before the time for holding the meeting.
2. The Proxy Form should bear stamp duty of \$100.00 which may be adhesive and duly cancelled by the persons signing the proxy form.
3. If the appointer is a Corporation, this Form of Proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.

# MDS


MEDICAL DISPOSABLES & SUPPLIES LIMITED

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 **Our New Office Location:**

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Jamaica, W.I.

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 [mdsltd](#)  [mdslimited](#)