



**MEDICAL DISPOSABLES
& SUPPLIES LIMITED**

UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2016

RELEASE TO SHAREHOLDERS

The Board of Directors of Medical Disposables and Supplies Limited (MDS) is pleased to present the unaudited financial statements for the six months ended September 30, 2016.

FINANCIAL HIGHLIGHTS

Highlights of the six months ended September 30, 2016 compared to the six months ended September 30, 2015

	<u>Sept 2016</u>	<u>Sept 2015</u>	<u>Inc/(Dec)%</u>
■ Sales revenue	\$826.4m	599.2m	38.0%
■ Gross profit	\$197.3m	\$166.7m	18.4%
■ Net profit after tax	\$39.4m	\$42.6m	(7.6%)
■ Earnings per stock unit	15 cents	16 cents	(6.3%)
■ Total assets	\$1.11b	\$938m	18.3%
■ Total stockholders' equity	\$502.9m	\$434.5m	15.7%

For the first six months of the financial year ending March 31, 2017, sales revenue of \$826.4m increased by \$227.2m or 38% when compared to the same period last year. The Board of Directors has approved a strategic plan which forecasts growth in market share, increased product offerings and a widening of the customer base in all categories of the Company's business operations. The performance as at the end of the second quarter reflects progress in meeting these strategic targets.

Gross profit of \$197.3m increased by \$30m or 18.4%. This improvement in the gross profit was driven by increased sales as a result of new business line.

Total operational expenses of \$136.2m increased by \$23.3m or 20.6%. The increase in expenses was driven mainly by staff related expenses, insurance, utilities, security and depreciation and amortization charges. Depreciation and amortization charges, in particular, increased by \$7.5m or 198% as a result of the property purchased at 83 Hagley Park Road for the purpose of expansion of the business.

Total non operational expenses of \$21.6m increased by \$11m or 104%. The increase was as a result of:

- Interest expenses on loan used to purchase property at 83 Hagley Park Road. In the similar period in the prior year, interest expenses were capitalised during the refurbishment period of the property in accordance with IAS 23
- Loss on the foreign exchange calculated on loan balances and costs of goods purchased

Profit after tax of \$39.4m decreased by \$3.2m or 7.6%. The decrease in profit was a direct result of the increase in non operational expenses during the period ended September 30, 2016.

Total assets grew by \$171.4m or 18.3% from \$937.7m to \$1.109b. This was mainly as a result of the increase in non-current assets, namely the refurbishments undertaken to the building and premises purchased at 83 Hagley Park Road. The Company's inventories and receivables balances increased as a direct result of the new business line which resulted in the overall increase in sales revenue. Liabilities of \$606.2m increased by \$103.1m or 20.5% was due to an increase in the bank overdraft and trade and other payables balances as a result of the increased purchases from suppliers to support the new business line. Shareholders' equity of \$502.9m grew by \$68.4m or 15.7%. The company's liquidity position remains healthy.

Three months ended September 30, 2016 compared with the three months ended September 30, 2015

- Sales revenue of \$401.1m, an increase of \$92.9m or 30%
- Gross profit of \$98.1m, an increase of \$15.5m or 18.8%
- Operational expenses of \$67.5m, an increase of \$14.8m or 28%
- Non operating expenses of \$9m, an increase of \$2.9m or 48%
- Profit after tax of \$21.6m, a decrease of \$1.76m or 7.5%

Despite a challenging economic environment, the Company has experienced growth as forecasted in its corporate strategic plan. The Company has on-going discussions with its suppliers to increase its product line offerings. New partnerships are expected this year, but the benefits to be derived will not be immediate as the Company is focused on re-tooling to facilitate the new business. MDS is committed to maintaining high standards in efficient product movement and market penetration, while strengthening relationships with our customers, suppliers, employees and other stakeholders.

DIVIDEND PAYMENTS

The Board of Directors, at its meeting held on August 18, 2016, declared a final dividend of \$0.05 per ordinary stock unit based on the Company's Audited Financial Statements for the year ended March 31, 2016. The dividend was paid on September 23, 2016 for stockholders on record as at September 9, 2016.

CORPORATE RESPONSIBILITY

During the second quarter, the Company participated in the fourth staging of the Pharmaceutical Society of Jamaica's 5k Run/Walk. The Kidney Support Foundation of Jamaica was the beneficiary of the proceeds of the event.



Kurt Boothe
GENERAL MANAGER

November 1, 2016

Medical Disposables & Supplies Limited

Unaudited Statement of Comprehensive Income
For the Period Ended September 30, 2016

	Three Months To September 2016 \$	Three Months To September 2015 \$	Six Months To September 2016 \$	Six Months To September 2015 \$
Revenue	401,080,213	308,193,341	826,436,873	599,175,305
Cost of sales	(302,982,643)	(225,610,306)	(629,132,397)	(432,449,975)
Gross profit	98,097,570	82,583,035	197,304,476	166,725,330
Other income	1,067,892	-	2,114,840	-
Administrative expenses	(36,548,786)	(31,642,014)	(74,200,084)	(62,210,469)
Selling and promotional costs	(25,386,386)	(17,172,568)	(51,127,423)	(41,042,521)
Other operating expenses	(6,607,392)	(3,854,665)	(13,109,723)	(9,751,765)
Total Operational Expenses	(67,474,672)	(52,669,247)	(136,322,390)	(113,004,755)
Profit after Operational Expenses	30,622,898	29,913,788	60,982,086	53,720,575
Finance income	7,339	310,687	79,220	493,536
Finance cost	(8,648,111)	(4,723,257)	(17,649,620)	(9,119,652)
Loss on foreign exchange	(396,029)	(1,686,740)	(3,995,668)	(1,959,398)
Total Non Operational Expenses	(9,036,801)	(6,099,310)	(21,566,068)	(10,585,514)
Profit before tax	21,586,097	23,814,478	39,416,018	43,135,061
Tax expense	(30,000)	(498,583)	(60,000)	(528,583)
PROFIT FOR THE PERIOD	21,556,097	23,315,895	39,356,018	42,606,478
EARNINGS PER SHARE	0.08	0.09	0.15	0.16

Medical Disposables & Supplies Limited

Unaudited Statement of Financial Position
As At September 30, 2016

	6 Months To 30-Sept-16 \$	6 Months To 30-Sept-15 \$	Audited 31-Mar-16 \$
Assets			
Non-Current Assets			
Property, Plant and Equipment	472,836,383	350,994,880	475,180,340
Current Assets			
Inventories	303,051,507	256,106,927	287,124,748
Trade Receivables	249,743,550	211,798,679	261,869,037
Other Receivables & Prepayments	54,083,797	38,899,339	44,720,258
Tax Recoverable	2,334,151	2,952,684	2,316,112
Cash and Bank Balances	27,101,881	76,968,193	50,486,935
	<u>636,314,886</u>	<u>586,725,822</u>	<u>646,517,090</u>
Total Assets	<u>1,109,151,269</u>	<u>937,720,702</u>	<u>1,121,697,430</u>
Equity			
Capital and Reserve			
Share Capital	107,835,764	107,835,764	107,835,764
Revaluation Reserve	35,613,267	35,613,267	35,613,267
Retained Profits	359,446,175	291,093,506	344,563,841
Total Equity	<u>502,895,206</u>	<u>434,542,537</u>	<u>488,012,872</u>
Liabilities			
Non-Current Liabilities			
Interest-bearing Borrowings	258,392,034	250,006,661	245,792,748
	<u>258,392,034</u>	<u>250,006,661</u>	<u>245,792,748</u>
Current Liabilities			
Trade Payables	187,034,434	142,150,019	266,654,250
Other Payables	50,158,943	36,787,343	49,655,445
Short Term Borrowings	50,000,000	50,000,000	50,000,000
Bank Overdraft	60,670,652	24,234,142	21,582,115
	<u>347,864,029</u>	<u>253,171,504</u>	<u>387,891,810</u>
Total Liabilities	<u>606,256,063</u>	<u>503,178,165</u>	<u>633,684,558</u>
Total Equity and Liabilities	<u>1,109,151,269</u>	<u>937,720,702</u>	<u>1,121,697,430</u>

Approved for issue by the Board of Directors on November 1, 2016 and signed on its behalf by:



KURT BOOTHE
GENERAL MANAGER and DIRECTOR



WINSTON BOOTHE
CHAIRMAN

Medical Disposables & Supplies Limited

Unaudited Statement of Changes In Equity

For the Period Ended September 30, 2016

	Share Capital \$	Revaluation Reserve \$	Retained Profit \$	Total \$
Balance at April 1, 2015	107,835,764	35,613,267	259,013,344	402,462,375
Dividend paid	-	-	(10,526,316)	(10,526,316)
Total comprehensive income for the period	-	-	42,606,478	42,606,478
BALANCE AT SEPTEMBER 30, 2015	107,835,764	35,613,267	291,093,506	434,542,537
Balance at April 1, 2016	107,835,764	35,613,267	344,563,841	488,012,872
Dividend paid	-	-	(24,473,684)	(24,473,684)
Total comprehensive income for the period	-	-	39,356,018	39,356,018
BALANCE AT SEPTEMBER 30, 2016	107,835,764	35,613,267	359,446,175	502,895,206

Medical Disposables & Supplies Limited

Unaudited Statement of Cash Flows

For The Six Months Ended September 2016

	September 2016	September 2015
	\$	\$
Cash flows from operating activities:		
Profit before tax	39,416,018	43,135,061
Adjustments for:		
Depreciation	11,209,263	3,757,655
Interest expenses	17,649,620	9,119,652
Interest income	(79,220)	(493,536)
FX loss on loan	1,590,000	1,180,230
	<u>69,785,681</u>	<u>56,699,062</u>
(Increase) / decrease in inventories	(15,926,759)	10,363,683
Decrease in trade and other receivables	2,761,948	10,781,976
Decrease in trade and other payables	(79,116,317)	(38,698,409)
	<u>(22,495,447)</u>	<u>39,146,312</u>
Cash (used in) / provided by operations		
Income tax paid	(78,039)	(13,647,365)
Interest paid	(17,649,620)	(9,119,652)
Net cash (used in) / provided by operating activities	<u>(40,223,106)</u>	<u>16,379,295</u>
Cash flows from investing activities:		
Purchase of property, plant & equipment	(8,865,308)	(3,125,366)
Interest received	79,220	493,536
Net cash used in investing activities	<u>(8,786,088)</u>	<u>(2,631,830)</u>
Cash flows from financing activities:		
Dividend payments	(24,473,684)	(10,526,316)
Proceeds from borrowings	101,870,000	50,000,000
Repayment of borrowings	(90,860,714)	(50,670,002)
Net cash used in financing activities	<u>(13,464,398)</u>	<u>(11,196,318)</u>
Net decrease in cash & cash equivalents	(62,473,592)	2,551,147
Cash and cash equivalent at beginning of period	28,904,820	50,182,904
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	<u>(33,568,772)</u>	<u>52,734,051</u>

Medical Disposables & Supplies Limited

Notes to the Unaudited Financial Statements

Six Months Ended September 30, 2016

1. Identification and activities

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

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

The main activity of the company is the sale of medical disposables and supplies. The company's shares were listed on the Junior Market of the Jamaica Stock Exchange on December 24, 2013.

2. Basis of preparation

The condensed interim financial statements for the six months ended September 30, 2016 have been prepared in accordance with IAS 34 – Interim Financial Reporting. The interim financial statements should be read in conjunction with the audited financial statements ended March 31, 2016 which have been prepared in accordance with IFRSs as issued by the International Accounting Standards Board (IASB).

3. Accounting Policies

There have been no changes in accounting policies since the most recent audited financial statements as at March 31, 2016.

Medical Disposables & Supplies Limited

Notes to the Unaudited Financial Statements

Six Months Ended September 30, 2016

4. Taxation

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

Year 1 – 5	100%
Year 6 – 10	50%

5. Shareholders' Information

Directors' Holdings As at September 30, 2016	No. Of Units
Kurt Boothe	50,720,000
Winston Boothe	50,000,000
Myrtis Boothe	50,000,000
Nikeisha Boothe	50,000,000
Dahlia McDaniel-Dickson *	1,373,100

Medical Disposables & Supplies Limited

Notes to the Unaudited Financial Statements

Six Months Ended September 30, 2016

Holdings of Senior Managers As at September 30, 2016	No. Of Units
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Kurt Boothe	50,720,000
Myrtis Boothe	50,000,000
Nikeisha Boothe	50,000,000
Janice Pitter *	87,000
Lenworth Murray	163,000
Gerard Whyte	54,000

Top Ten Shareholders As at September 30, 2016	No. Of Units
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Kurt Boothe	50,720,000
Winston Boothe	50,000,000
Myrtis Boothe	50,000,000
Nikeisha Boothe	50,000,000
Mayberry West Indies Bank Limited	11,296,510
Mayberry Managed Clients Account	8,011,357
Apex Pharmacy	3,496,926
Bamboo Group Holdings	3,350,631
Catherine Adella Peart	2,182,713
Leon O. W. Headley	1,737,957
VMWM Stock Trading Account	1,322,514
Manwei International Ltd.	1,292,000