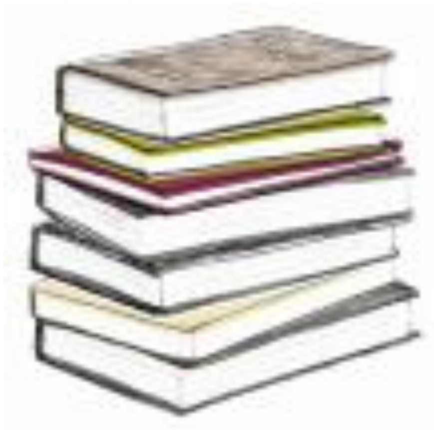
Mair Russell
Grant Thornton

Medical Disposables & Supplies Limited

Financial Statements

March 31, 2017



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Independent auditor's report

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Jamaica, West Indies

To the Members of
Medical Disposables & Supplies Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of Medical Disposables & Supplies Limited ("the Company") which comprise the statement of financial position as at March 31, 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2017, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that in our professional judgement; were of most significance in our audit of the financial statements of the current period. The matter was addressed in the context of our audit of financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Valuation of land and building

As at March 31, 2017, Land and Building amounted to $412,200,000 or 34% of Total Assets (Note 5).

Independent auditor's report (cont'd)

To the Members of
Medical Disposables & Supplies Limited

Report on the Audit of the Financial Statements

The Key Audit Matter (cont'd)

The determination of market value requires significant estimation, and is inherently subjective, as key inputs are not observable from available market information.

How the matters are addressed in our audit

Our audit procedures included, amongst others:

- Assessing the qualification, objectivity, independence and competence of the valuator.

- Establishing the consistency of the valuation approaches used with IFRS 13, *Fair Value Measurement* and their suitability for use in determining the market value of the land and buildings as at March 31, 2017.

- Evaluating the assumptions and underlying data used in determining the fair value, including identification of similar transactions and listings, corroborating discussions with the valuator, within our understanding of the market environment.

- Assessing the adequacy of the disclosure in accordance with IAS 16, *Property, plant and equipment*.

We found no material errors from our test.

Other information

Management is responsible for the other information. The other information comprises the information in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Independent auditor's report (cont'd)

To the Members of
Medical Disposables & Supplies Limited

Report on the Audit of the Financial Statements

Other information (cont'd)

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those charged with governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Mair Russell
Grant Thornton

Independent auditor's report (cont'd)

To the Members of
Medical Disposables & Supplies Limited

Report on the Audit of the Financial Statements

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe the matter in our auditors' report unless law or

Independent auditor's report (cont'd)

To the Members of
Medical Disposables & Supplies Limited

Report on the Audit of the Financial Statements

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

The Engagement Partner on the audit resulting in this independent auditor's report is Ms. Karen Lewis.

Kingston, Jamaica

May 30, 2017

Mair Russell Grant Thornton
Chartered Accountants

Statement of financial position
March 31, 2017

	Note	2017 $	2016 $
Assets			
Non-current assets			
Property, plant and equipment	(5)	**484,497,095**	472,823,205
Intangible assets	(6)	**2,603,561**	2,357,135
		487,100,656	475,180,340
Current assets			
Inventories	(7)	**369,382,694**	287,124,748
Trade and other receivables	(8)	**324,624,837**	301,140,431
Prepayments		**5,579,130**	5,448,864
Taxation recoverable		**2,334,564**	2,316,112
Cash and short-term deposits	(9)	**25,225,310**	50,486,935
		727,146,535	646,517,090
Total assets		**1,214,247,191**	1,121,697,430
Equity and liabilities			
Equity			
Share capital	(10)	**107,835,764**	107,835,764
Revaluation reserve	(11)	**48,198,190**	35,613,267
Retained profits		**407,505,519**	344,563,841
Total equity		**563,539,473**	488,012,872
Liabilities			
Non-current liabilities			
Borrowings	(12)	**201,339,829**	179,069,468
		201,339,829	179,069,468
Current liabilities			
Bank overdraft	(9 &13)	**31,000,391**	21,582,115
Short term borrowings	(12)	**50,000,000**	50,000,000
Other loans	(12)	**10,000,000**	46,510,000
Current portion of borrowings	(12)	**31,934,940**	20,213,280
Trade and other payables	(14)	**326,432,558**	316,309,695
		449,367,889	454,615,090
Total liabilities		**650,707,718**	633,684,558
Total equity and liabilities		**1,214,247,191**	1,121,697,430

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

Approved for issue by the Board of Directors on May 30, 2017 and signed on its behalf by:

_______________) Director
Winston Boothe

_______________) Director
Kurt Boothe

Statement of profit or loss and other comprehensive income
Year ended March 31, 2017

	Note	2017 $	2016 $
Revenue	(4c)	**1,714,019,129**	1,327,249,471
Cost of sales		**(1,303,288,753)**	(977,021,426)
Gross profit		**410,730,376**	350,228,045
Other income	(15)	**4,268,152**	1,020,180
Administrative expenses	(16)	**(152,221,210)**	(129,184,412)
Selling and promotional costs	(16)	**(102,582,344)**	(80,389,146)
Other operating expenses	(16)	**(2,478,264)**	(10,198,454)
Depreciation		**(22,134,714)**	(10,722,218)
Operating profit		**135,581,996**	120,753,995
Finance income	(18)	**95,404**	1,106,753
Finance cost	(18)	**(34,300,839)**	(23,509,349)
Loss on foreign exchange		**(743,304)**	(965,030)
Profit before tax		**100,633,257**	97,386,369
Income tax expense	(19)	**(60,000)**	(1,309,555)
Profit for the year		**100,573,257**	96,076,814
Other comprehensive income:			
Items that will not be reclassified subsequent to profit or loss			
Revaluation of land and buildings		**12,584,923**	-
		12,584,923	-
Total comprehensive income for the year		**113,158,180**	96,076,814
Earnings per share	(20)	**0.38**	0.37

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

Statement of changes in equity
Year ended March 31, 2017

	Share Capital $	Revaluation Reserve $	Retained Profits $	Total $
Balance at April 1, 2015	107,835,764	35,613,267	259,013,343	402,462,374
Dividends (Note 21)	-	-	(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
Balance at March 31, 2016	107,835,764	35,613,267	344,563,841	488,012,872
Dividends (Note 21)	-	-	(37,631,579)	(37,631,579)
Transactions with owners	-	-	(37,631,579)	(37,631,579)
Profit for the year	-	-	100,573,257	100,573,257
Other comprehensive income	-	12,584,923	-	12,584,923
Total comprehensive income	-	12,584,923	100,573,257	113,158,180
Balance at March 31, 2017	**107,835,764**	**48,198,190**	**407,505,519**	**563,539,473**

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

Statement of cash flows
Year ended March 31, 2017

	Note	2017 $	2016 $
Cash flows from operating activities:			
Profit before tax		**100,633,257**	97,386,369
Adjustments for:			
Depreciation and amortisation	(5&6)	**22,134,714**	10,722,218
Interest expense	(18)	**34,300,839**	23,509,349
Interest income	(18)	**(95,404)**	(1,106,753)
Loss on foreign exchange - other loans		**1,313,998**	2,080,230
		158,287,404	132,591,413
Increase in inventories		**(82,257,946)**	(20,723,704)
Increase in trade and other receivables		**(23,484,406)**	(41,900,931)
(Increase)/decrease in prepayments		**(130,266)**	681,927
Increase in trade and other payables		**10,122,863**	94,853,190
Cash generated from operations		**62,537,649**	165,501,895
Interest paid		**(34,300,839)**	(23,509,349)
Income taxes paid		**(60,000)**	(13,527,170)
Net cash provided by operating activities		**28,176,810**	128,465,376
Cash flows from investing activities:			
Interest received (net of withholding tax)		**76,952**	842,158
Additions to property, plant and equipment	(5)	**(19,484,975)**	(133,389,634)
Addition to intangible asset	(6)	**(1,985,132)**	(885,754)
Net cash used in investing activities		**(21,393,155)**	(133,433,230)
Cash flows from financing activities:			
Proceeds from borrowings		**161,870,000**	100,000,000
Repayment of borrowings		**(129,191,977)**	(105,783,914)
Repayment of other loans		**(36,510,000)**	-
Dividends paid		**(37,631,579)**	(10,526,316)
Net cash used in financing activities		**(41,463,556)**	(16,310,230)
Net decrease in cash and cash equivalents		**(34,679,901)**	(21,278,084)
Cash and cash equivalents at beginning of year		**28,904,820**	50,182,904
Cash and cash equivalents at end of year	(9)	**(5,775,081)**	28,904,820

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

Notes to the financial statements
March 31, 2017

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 have been prepared on the historical cost and accruals bases.

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 put into effect the following which are relevant to its operations.

IAS 1, 'Presentation of Financial Statements',
Amendments to IAS 1, *'Presentation of Financial Statements',* (effective for annual periods beginning on or after 1 January 2016). This amendment forms part of the IASB's Disclosure Initiative, which explores hoe financial statement disclosure can be improved. It clarifies guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendments also clarifies that the share of other comprehensive income (OCI) of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, classified between those items that will or will not be subsequently reclassified to profit or loss. There was no impact from the adoption of this amendment.

Amendments to IAS 16, *'Property, Plant and Equipment'* and IAS 38, Amendments to IAS 16, *'Property, Plant and Equipment' and IAS 38*, 'Intangible Assets' – Clarification of Acceptable Methods of Depreciation and Amortisation, (effective for the periods beginning on or after 1 January 2016). In these amendments, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. There was no impact from the adoption of this amendment, as the company does not use revenue-based depreciation or amortisation methods.

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:

IFRS 9 Financial Instruments' which is effective for annual periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement.

IFRS introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

The company plans to adopt the new standards on the required effective date. The company does not expect any significant impact on its financial statement except for the effect of applying the impairment requirements of IFRS 9. The company will be required to recognise an expected credit loss-based impairment on its trade receivables.

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, 2018. 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)

IFRS 16 will replace IAS 17 and three related interpretations.
Under IFRS 16, leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability. The company's management has not yet assessed the impact of IFRS 16 on its financial statement.

Annual Improvements

The Annual Improvements to IFRSs 2014 - 2016 made several minor amendments to a number of IFRSs. The Annual Improvements are effective for periods beginning on or after January 1, 2017. 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 stated at their revalued amounts, being the fair value at the date of revaluation less accumulated depreciation and accumulated impairment losses, if any. Fair value are based on appraisals prepared by external professional valuators once every (3) years, or more frequently, if market factors indicate a material change in fair value. Any surplus arising on revaluation of land and buildings is recognised in other comprehensive income and credited to revaluation reserve in equity. To the extent that any decrease or impairment loss had previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the increase recognised in other comprehensive income.

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.

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'.

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 assets or cash-generating units 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

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the Chief Operating Decision Makers to make decisions about resources to be allocated to the segments and assess its performance.

The company has two operating segments, pharmaceutical, medical and other supplies.

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, 2017 can be analysed as follows:

	Land and Buildings $	Construction In Progress $	Leasehold Improvement $	Furniture Fixtures and Equipment $	Computers $	Motor Vehicles $	Total $
Gross carrying amount							
Balance at April 1, 2016	410,703,304	-	2,826,409	59,243,027	7,023,936	28,557,136	508,353,812
Additions	2,717,309	9,645,760	-	6,001,494	1,120,412	-	19,484,975
Revaluation surplus	12,584,923	-	-	-	-	-	12,584,923
Revaluation adjustment	(13,805,536)	-	-	-	-	-	(13,805,536)
Balance at March 31, 2017	**412,200,000**	**9,645,760**	**2,826,409**	**65,244,521**	**8,144,348**	**28,557,136**	**526,618,174**
Depreciation							
Balance at April 1, 2016	(4,445,021)	-	(605,513)	(11,421,712)	(4,290,478)	(14,767,883)	(35,530,607)
Revaluation adjustment	13,805,536	-	-	-	-	-	13,805,536
Charge for the year	(9,360,515)	-	(141,320)	(6,056,436)	(265,207)	(4,572,530)	(20,396,008)
Balance at March 31, 2017	**-**	**-**	**(746,833)**	**(17,478,148)**	**(4,555,685)**	**(19,340,413)**	**(42,121,079)**
Carrying amount at March 31, 2017	**412,200,000**	**9,645,760**	**2,079,576**	**47,766,373**	**3,588,663**	**9,216,723**	**484,497,095**

i Land and buildings were revalued by independent valuators, David Thwaites and Associates, Chartered Valuation Surveyors, on April 21, 2017 and May 24, 2017. 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 reporting date would be $270,280,281 (2016 - $276,965,319).

iii Land, buildings and certain motor vehicles have been pledged as security for loans received from a financial institution (Note 12 (i) &(ii)).

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

	Land and Buildings $	Leasehold Improvement $	Furniture Fixtures and Equipment $	Computers $	Motor Vehicles $	Total $
Gross carrying amount						
Balance at April 1, 2016	321,371,903	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)	-	-
Balance at March 31, 2016	410,703,304	2,826,409	59,243,027	7,023,936	28,557,136	508,353,812
Depreciation						
Balance at April 1, 2016	(1,212,500)	(491,136)	(8,828,383)	(3,873,906)	(10,593,560)	(24,999,485)
Charge for the year	(3,232,521)	(114,377)	(2,593,329)	(416,572)	(4,174,323)	(10,531,122)
Balance at March 31, 2016	(4,445,021)	(605,513)	(11,421,712)	(4,290,478)	(14,767,883)	(35,530,607)
Carrying amount at March 31, 2016	406,258,283	2,220,896	47,821,315	2,733,458	13,789,253	472,823,205

6. Intangible assets – software

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

	Acquired Software $	Total $
Gross carrying amount		
Balance at April 1, 2016	5,341,476	5,341,476
Addition	1,985,132	1,985,132
Balance at March 31, 2017	**7,326,608**	**7,326,608**
Amortisation		
Balance at April 1, 2016	(2,984,341)	(2,984,341)
Charge for year	(1,738,706)	(1,738,706)
Balance at March 31, 2017	**(4,723,047)**	**(4,723,047)**
Carrying amount at March 31, 2017	**2,603,561**	**2,603,561**

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

7. Inventories

	2017 $	2016 $
Pharmaceuticals	**269,535,669**	206,128,238
Medical and other supplies	**60,161,450**	43,586,483
Goods in transit	**39,685,575**	37,410,027
Total	**369,382,694**	287,124,748

The cost of inventories recognised as an expense during the year was $1,303,288,753 (2016 - $977,021,426). This includes $2,224,293 (2016 - $1,466,319) in respect of expired items and write-downs to net realisable value.

8. Trade and other receivables

	2017 $	2016 $
Trade	**297,646,263**	286,826,238
Less: Specific provision for doubtful debts	**(24,136,532)**	(24,957,201)
	273,509,731	261,869,037
Other	**51,115,106**	39,271,394
Total	**324,624,837**	301,140,431

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

Bad debt specific provision is as follows:

	2017 $	2016 $
Balance at beginning of year	**24,957,201**	14,697,004
Receivables recovered during the year	**(5,585,595)**	(3,655,666)
Increase in provision during the year	**8,160,275**	14,312,820
Receivables written off during the year	**(3,395,349)**	(396,957)
Balance at end of year	**24,136,532**	24,957,201

9. Cash and cash equivalents

	Interest Rate % p.a.	2017 $	2016 $
Cash and short-term deposits:			
Bank and cash:			
Petty Cash		**30,000**	30,000
- J$ Current account		**10,878,393**	13,450,837
- US$ Savings account (US$108,670 - (2016 – US$69,827))	0.01 – 0.05	**14,155,474**	8,497,999
Sterling savings account (£321) - (2016 - £321))	0.05	**50,914**	55,389
Cash at bank and in hand		**25,114,781**	22,034,225
Short-term deposits	2.0 - 2.85	**110,529**	28,452,710
Total cash and short-term deposits		**25,225,310**	50,486,935
Less: Bank overdraft (Note 13)		**(31,000,391)**	(21,582,115)
Total cash and cash equivalents		**(5,775,081)**	28,904,820

Included in cash and cash equivalents is $8,714,403 (2016 - $7,957,190) which represents amounts held for a major supplier (Note 14).

10. Share capital

	2017 $	2016 $
Authorised:		
408,000,000 ordinary shares (2017 - 408,000,000)		
Stated capital		
Issued and fully paid:		
263,157,895 ordinary shares	**107,835,764**	107,835,764
Balance at end of the year	**107,835,764**	107,835,764

11. Revaluation reserve

	2017 $	2016 $
Balance at beginning of year representing:		
Unrealised surplus arising on the revaluation of: – Land	**10,386,942**	10,386,942
– Buildings	**25,226,325**	25,226,325
	35,613,267	35,613,267
Surplus on revaluation of land and buildings	**12,584,923**	-
Balance at end of year	**48,198,190**	35,613,267

12. Borrowings

	2017 $	2016 $
Loans –		
i Bank of Nova Scotia (BNS) – Non-revolving loan	**233,274,769**	199,282,748
	233,274,769	199,282,748
Less: Current portion	**31,934,940**	20,213,280
	201,339,829	179,069,468
ii Short-term borrowings – revolving loan	**50,000,000**	50,000,000
iii Other Loans	**10,000,000**	46,510,000

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 was repaid during the year.

(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. Interest is fixed at a rate of eight point five percent (8.5%) per annum for a period of twenty four (24) months to expire April 30, 2018; thereafter the rate will be amended to the Weighted Average Treasury Bill Yield (WATBY) of the most recent six (6) months Bank of Jamaica Treasury Bill tender plus 2.95% per annum, with quarterly resets effective January 1, April 1, July 1 and October 1.

The rate will be capped at the Bank's Base lending rate currently fifteen point seven five percent (15.75%) less four percent (4%). 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 eight point five percent (8.5%) per annum to expire April 30, 2018; a fixed rate of 10 percent (10%) 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.

(d) Loans of $25,000,000 and $36,870,000 were received during the year. The loans are repayable by fifty nine (59) monthly payments of $208,330 and $307,250 plus one final payment of $12,708,530 and $18,742,250 respectively. The loan repayment is to commence one month after drawdown. Interest on the loan is fixed at a rate of eight point five percent (8.5%) per annum for a period of twenty-four (24) months. Thereafter the Weighted Average Treasury Bill (WATBY) of the most recent (6) months Bank of Jamaica Treasury Bill tender plus 2.95% per annum with quarterly resets effective January 1, April 1, July 1 and October 1. The rate will be capped at the Bank's Base lending rate, currently fifteen point seven five percent (15.75%) less four percent (4%) subject to revision anytime.

ii The revolving loans bear interest at rates of nine point five (9.5%) per annum and mature within 180 days from the loan drawdown date.

Bank loans and overdraft are secured by:

a. Demand debenture stamped for an aggregate of $434,050,000 creating first charge over fixed and floating assets of the company's supported by:

   – First and second Legal Mortgage stamped for an aggregate of $61,000,000 collateral to debenture over commercial properties of units #25, 26 and 27, located at 85 Hagley Park Road, Kingston 10, registered at Volume 1327 Folios 620 and 621 and Volume 1312 and Folio 165 in the name of Medical Disposables and Supplies Limited and having an appraised value of $79,554,000.

   – First Legal Mortgage stamped for $210,000,000 over commercial property located at 83 Hagley Park Road, Kingston 10 registered at Volume 1066 Folio 337 and 338 in the name of Medical Disposables and Supplies Limited with an appraised value of $290,000,000.

   – Second Legal Mortgage stamped to cover $75,050,000 over Commercial Property located at 83 Hagley Park Road, Kingston 10, Volume 1066 Folio 337 and 338 and having appraised value of $290,000,000.

b. Assignment of All Risk Peril Insurance policy totalling $593,050,000 held endorsed in favour of the Bank, to cover the replacement of buildings, machinery, equipment and inventory located at Units 25 – 27 at the Domes, 85 Hagley Park Road, Kingston 10 to expire May 7, 2017.

c. Assignment of policy – Collateral to Composite Debenture in the amount of $89,000,000.

d. Bill of sale over 2014 Mercedes Benz Sedan Motor Vehicle stamped to cover $5,000,000.

e. Comprehensive insurance over 2014 Mercedes Benz Sedan Motor Vehicle, in the amount of $11,495,000 endorsed in favour of the bank.

f. Bill of sale over 2011 Nissan Urvan Panal Van stamped to cover $1,700,000.

g. Comprehensive insurance over 2011 Nissan Urvan Panal Van in the amount of $2,739,400 endorsed in favour of the bank.

   – Third Legal Mortgage stamped to cover $25,000,000 over commercial property located at 83 Hagley park Road, Kingston 10. Volume 1066, Folio 337 and having an appraised value of $290,000,000.

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 was repaid during the year:

13. Bank overdraft

The company has an overdraft facility of $125,000,000 which bears interest at the Bank's Base Lending Rate currently fifteen point seven five percent (15.75%) per annum less five point seven five percent (5.75%), being ten percent (10%) per annum. The securities held are disclosed at Note 12.

14. Trade and other payables

	2017 $	2016 $
Trade	**276,843,724**	266,654,250
Accruals	**14,080,089**	12,115,885
Interest accrued	**-**	257,500
Other	**35,508,745**	37,282,060
Total	**326,432,558**	316,309,695

Included in other payables is $8,714,403 (2016 - $7,957,190) which represents balances held for a major supplier. The amount is represented by the 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

	2017 $	2016 $
Warehousing service fee	**4,268,152**	1,020,180
Total	**4,268,152**	1,020,180

The company entered into a Warehousing Service Agreement with a supplier to provide warehousing and other ancillary services for their customers at a cost of US$2,800 per month.

16. Expenses by nature

Total administrative and other operating expenses:

	2017 $	2016 $
Cost of inventory recognised as expense	**1,303,288,753**	977,021,426
Administrative and other expenses		
Directors' remuneration	**20,456,272**	20,070,856
Directors' fees	**1,855,000**	1,625,000
Salaries, wages and related expenses (Note 17)	**53,016,549**	44,354,197
Medical and other staff benefits (Note 17)	**6,811,261**	5,853,272
Insurance	**5,860,292**	5,673,136
Legal and professional fees	**9,790,954**	5,636,794
Motor vehicle expenses	**8,027,268**	8,293,201
Auditors' remuneration	**2,642,753**	2,454,932
Utilities	**11,226,209**	8,684,342
Printing and stationery	**5,147,078**	4,505,002
Donations	**2,479,131**	2,545,749
Security	**3,952,132**	1,163,900
Bank charges	**8,153,212**	4,651,946
Other administrative expenses	**12,803,099**	13,672,085
	152,221,210	129,184,412

	2017 $	2016 $
Selling and promotional costs		
Salaries, wages and related expenses (Note 17)	**37,085,041**	28,711,234
Travelling and entertainment	**6,885,635**	5,283,217
Postage and courier service	**11,432,547**	8,794,178
Advertising and promotion	**10,742,685**	6,882,896
Commission	**36,436,436**	30,717,621
	102,582,344	80,389,146
Other operating expenses		
Bad debt (Net)	**2,478,264**	10,198,454
	2,478,264	10,198,454

17. Employee benefits

	2017 $	2016 $
Salaries, wages and related expenses		
- Administrative and other expenses	**53,016,549**	44,354,197
- Selling and promotional costs	**37,085,041**	28,711,234
Medical and other staff benefits	**6,811,261**	5,853,272
Total	**96,912,851**	78,918,703

The average number of employees at year-end was fifty-two (52), (2016 – fifty-one (51)).

18. Finance income and finance cost

Finance income comprises:

	2017 $	2016 $
Interest income on financial assets measured at amortised cost	**95,404**	1,106,753
Total	**95,404**	1,106,753

Finance cost comprises:

	2017 $	2016 $
Interest expense for borrowings measured at amortised cost	**34,300,839**	23,509,349
Total	**34,300,839**	23,509,349

19. Income tax

The company's shares were listed on the Jamaica Stock Exchange Junior Market (JSE Junior Market) on December 24, 2013. As a result, the company is entitled to a remission of taxes for an allowable period not exceeding ten (10) years from the date of the listing on the JSE Junior Market, provided the shares remain listed for at least fifteen (15) years. The remissions of taxes are applicable as follows:

Years 1 to 5	100%
Years 6 to 10	50%

The financial statements have been prepared on the basis that the company will have the full benefit of the tax remissions. However, the Minister of Finance amended the Income Tax Act requiring all companies, with the exception of charities and individuals with gross revenue below $5 million, to pay a Minimum Business Tax of $60,000.

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

	2017 $	2016 $
Current tax	-	-
Minimum Business Tax	**60,000**	60,000
Deferred	-	-
Prior year adjustment	-	1,249,555
Total	**60,000**	1,309,555

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

ii Reconciliation of theoretical tax charge to effective tax charge:

	2017 $	2016 $
Profit before tax	**100,633,257**	97,386,369
Tax at the applicable tax rate of 25% - (2016 - 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
Income tax for the year	**60,000**	1,309,555

20. 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 (2016 – 263,157,895).

21. Dividends

During the year the company paid final dividends for the financial year 2017 of $37,631,579(2016-$10,526,316) to its equity shareholders. This represents a payment of $0.05 (2016 – $0.04) per share.

22. Segment reporting

Segment information for the reporting period are as follows:

	Pharmaceutical $	Medical & Others $	Total $
Revenue	1,547,398,763	166,620,366	1,714,019,129
Less: Cost of sales	1,196,560,286	106,728,467	1,303,288,753
Gross profit	350,838,477	59,891,899	410,730,376

23. 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 $
2017	1,333,200	1,333,200	2,666,400

Lease expense during the year amounted to $1,333,200 (2016 - $3,663,200). The company entered into a new leasing arrangement during the year.

24. 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:

	2017 $	2016 $
Included in trade and other receivables	**836,171**	1,152,931

iii Transactions with key management personnel

Transaction with key management includes executive members of the board.

	2017 $	2016 $
Short-term employee benefits – Salaries including bonuses	**20,456,272**	20,070,856
Total	**20,456,272**	20,070,856

iv The statement of profit or loss and other comprehensive income includes transactions with companies controlled by Director's, Director's and other key management personnel.

	2017	2016
	$	$
Sales	**10,392,042**	10,332,685
Directors' fees	**1,855,000**	1,625,000
Professional fees	**953,145**	-

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.

Concentrations of currency risk

	2017	2016
	US$	US$
	J$	J$
Financial assets		
- Cash and cash equivalents	**108,670**	69,827
	108,670	69,827
Financial liabilities		
- Trade payables	**(856,364)**	(537,976)
- Borrowings	**-**	(300,000)
	(856,364)	(837,976)
Total net liability	**(747,694)**	(768,149)

The above assets/(liabilities) are receivable/payable in United States dollars (US$) and Jamaican Dollars (J$). The exchange rate applicable at the end of the reporting period is J$128.22 to US$1 (2016 – J$121.70 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% (2016 – 6%) 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 $
2017	**6**	**(5,738,851)**
2016	6	(5,609,024)

If the JA Dollar strengthens against the US Dollar by 1% (2016 – 1%) this would have the following impact:

	Rate %	Strengthens $
2017	**1**	**956,475**
2016	1	934,838

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.

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 loans are fixed up to the date of maturity and interest rates for a period of twenty four (24) months expiring at varying dates beginning April 30, 2018. 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:

	2017	2016
	$	$
Trade and other receivables	**324,624,837**	296,847,473
Cash and cash equivalents	**25,195,310**	50,456,935
Total	**349,820,147**	347,304,408

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

	2017	2016
	$	$
Not more than 3 months	**251,921,602**	229,807,805
More than 3 months but not more than 6 months	**13,857,116**	9,599,762
More than 6 months but not more than 1 year	**7,468,111**	22,461,470
More than 1 year	**263,902**	-
Total	**273,509,731**	261,869,037

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.

As at March 31, 2017, the company's non-derivative financial liabilities have contractually maturities (including interest payments where applicable) as summarised below:

	Current Within12 Months $	Non current 2 to 5 Years $
Borrowings	**43,973,461**	**109,208,374**
Bank overdraft	**31,000,391**	**-**
Short-term borrowings	**51,443,750**	**-**
Other loans	**10,000,000**	**-**
Trade and other payables	**326,432,558**	**-**
Total	**462,850,160**	**109,208,374**

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.

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

	Current Within12 Months $	Non current 2 to 5 Years $
Borrowings	33,313,533	111,786,448
Bank overdraft	21,582,115	-
Short-term borrowings	51,650,000	-
Other loans	50,161,000	-
Trade and other payables	316,309,695	-
Total	473,016,343	111,786,448

26. Fair value measurement

i The Company's financial assets and liabilities are measured at amortised costs, and the fair values for these are disclosed at Note 27.

ii Fair value 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, 2017

March 31, 2017	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Property, plant and equipment				
Land and buildings	-	-	412,200,000	412,200,000
Total	**-**	**-**	**412,200,000**	**412,200,000**

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.

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 April 21, 2017.

Reconciliation of the opening and closing balances of the company's land and buildings:

	2017 $
Balance at April 1, 2016	**410,703,304**
Additions	**2,717,309**
Revaluation adjustment	**12,584,923**
Depreciation	**(13,805,536)**
Balance at March 31, 2017	**412,200,000**

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:

	2017 $	2016 $
Financial assets		
Financial assets measured at amortised cost		
Loans and receivables		
Trade and other receivables	**324,624,837**	301,140,431
Cash and short-term deposits	**25,225,310**	50,486,935
Total	**349,850,147**	351,627,366
Financial liabilities		
Financial liabilities measured at amortised cost		
Non-current liabilities		
Borrowings	**201,339,829**	179,069,468
Current liabilities		
Bank overdraft	**31,000,391**	21,582,115
Short term borrowings	**50,000,000**	50,000,000
Other loans	**10,000,000**	46,510,000
Trade and other payables	**326,432,558**	316,309,695
Current portion of borrowings	**31,934,940**	20,213,280
Total	**650,707,718**	633,684,558

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 polices during the year.

Mair Russell
Grant Thornton

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