



RELEASE TO SHAREHOLDERS

For the Nine Months Ended December 31, 2019

The Board of Directors of Medical Disposables and Supplies Limited (MDS) is pleased to present to our shareholders, our third quarter unaudited financial results for the financial period ended December 31, 2019.

FINANCIAL HIGHLIGHTS

	Three Months Ended Dec 31, 2019	Three Months Ended Dec 31, 2018	Nine Months Ended Dec 31, 2019	Nine Months Ended Dec 31, 2018	Audited Year Ended March 31, 2019
Sales revenue	\$603.3M	\$538.7M	\$1.726B	\$1.58B	\$2.22B
Gross profit	\$124.6M	\$124.6M	\$398.9M	\$366.1M	\$548.5M
Gross profit margin	20.7%	23.1%	23.1%	23.2%	25.0%
Operational expenses to sales revenue ratio	17.4%	17.5%	18.1%	16.7%	16.3%
Non-operational expenses to sales revenue ratio	2.1%	1.9%	3.10%	3.0%	2.8%
Net profit after taxation	\$6.5M	\$19.8M	\$29.166M	\$54.6M	\$112.762M
Earnings per share (EPS)	2 cents	8 cents	11 cents	21cents	43 cents
Market share price			\$6.87	\$6.50	\$7.60

RESULTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2019

For the quarter ended December 31, 2019, sales revenue amounted to \$603.3M, an increase of \$64.6M or 12.0% when compared to the corresponding period in the previous year. This improved performance was influenced by increased sales in all three business divisions of the Company.

Gross profit of \$124.6M increased only marginally by \$40K or .032% over the previous year, due to the negative impact of the volatile exchange rate. At the same time, Gross Profit percentage for the period was 20.7% compared to 23.1% in 2018.

Total operational expenses increased from \$94.4M in 2018 to \$104.8M in 2019, representing an increase of 11.0%. This increase accounted for 17.4% of sales revenue for the current period and 19.5% of sales revenue for corresponding period in the previous year.

Total non-operational expenses increased from \$10.4M in 2018 to \$12.8M in 2019 or 23.1%. This was a direct result of the loss on foreign exchange totalling \$2M arising from the devaluation of the Jamaica dollar relative to its United States counterpart.

Profit after taxation of \$6.53M decreased by \$13.3M or 66.67% over the previous year.

RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2019

Year to date sales revenue for the nine months ended December 31, 2019, was \$1.726B, an increase of \$146M or 9.2% over the previous year.

Growth in the Medical and Pharmaceutical business divisions of 12% and 10% respectively, accounted for the overall increase in sales over the same period in the previous year. This positive performance resulted from the Company's growth strategy of focusing on expanding its product range and market coverage, primarily in the Medical and Consumer divisions.

Gross profit amounting to \$398.9M, reflects an increase of \$32.8M or 8.95% over the previous year. This improvement resulted from increased sales arising from the introduction of new product lines and the increase in market coverage.

Total operational expenses for the period under review amounted to \$312.2M, increasing by \$48.6M or 18.4% over previous year. This increase was accounted for mainly by increases in the staff complement as well as increased selling and distribution costs which are required to support the increase in business activity.

Total non-operational expenses amounted to \$53.3M, of which \$3.5M was attributed to finance costs associated with business expansion. At the same time, loss on foreign exchange totalling \$21.9M had an adverse effect on both gross margins and overall profit.

Profit after tax of \$29.166M decreased by \$25.463M or 46.6% over the previous year.

Total assets grew by \$181M or 11.93% from \$1.517B to \$1.698B, which was due to increases in Inventories and Trade & Other Receivables.

Total Liabilities increased by \$122.2M or 14.96% from \$816.3M to \$938.5M over prior year. This was due to an increase in costs related to short term borrowings and bank overdraft used to facilitate growth and business expansion.

Shareholders' equity increased by \$59M or 8.4% from \$700.4M to \$759.4M.

Despite operating in a competitive business environment, we continue to realign our business strategies to focus on more market penetration and to strengthen relationships with our customers, shareholders and MDS family.

Thank you for confidence and continued support over the years.

A handwritten signature in black ink, appearing to read "Kurt Boothe". The signature is fluid and cursive, with the first name "Kurt" and last name "Boothe" clearly distinguishable.

Kurt Boothe
GENERAL MANAGER

February 5, 2020

Medical Disposables & Supplies Limited

Unaudited Statement of Comprehensive Income

For the Period Ended December 31, 2019

	Three Months To December 2019	Three Months To December 2018	Nine Months To December 2019	Nine Months To December 2018	Audited March 2019
	\$	\$	\$	\$	\$
Revenue	603,359,825	538,672,730	1,725,636,800	1,580,636,145	2,221,895,285
Cost of sales	(478,761,148)	(414,114,089)	(1,326,746,287)	(1,214,554,158)	(1,673,385,401)
Gross profit	124,598,677	124,558,641	398,890,513	366,081,987	548,509,884
Other income	1,458,684	1,400,148	4,330,096	4,079,400	5,458,992
Administrative expenses	(54,497,739)	(50,129,795)	(163,877,330)	(146,814,983)	(194,817,586)
Selling and promotional costs	(39,439,510)	(38,308,895)	(126,384,333)	(103,102,058)	(145,095,528)
Other operating expenses	(4,779,494)	(1,228,828)	(4,385,657)	619,458	(2,052,419)
Depreciation	(7,549,311)	(6,114,026)	(21,933,492)	(18,342,079)	(25,380,120)
Total Operational Expenses	(104,807,370)	(94,381,396)	(312,250,716)	(263,560,262)	(361,886,661)
Profit after Operational Expenses	19,791,307	30,177,245	86,639,797	102,521,725	186,623,223
Finance income	295,766	6,804	315,772	15,158	20,993
Finance cost	(11,088,055)	(11,912,376)	(32,823,205)	(29,284,600)	(41,547,833)
Gain on disposal of property, plant & equipment	-	1,505,500	1,150,833	1,505,500	1,505,500
Loss on foreign exchange	(2,047,623)	14,858	(21,959,727)	(20,098,425)	(23,255,775)
Total Non Operational Expenses	(12,839,912)	(10,385,214)	(53,316,327)	(47,862,367)	(63,277,115)
Profit Before Tax	6,951,395	19,792,031	33,323,470	54,659,358	123,346,108
Taxation	(421,044)	-	(4,157,446)	(30,000)	(10,583,848)
PROFIT after Tax	6,530,351	19,792,031	29,166,024	54,629,358	112,762,260
EARNINGS PER SHARE	0.02	0.08	0.11	0.21	0.43

Medical Disposables & Supplies Limited

Unaudited Statement of Financial Position
As At December 31, 2019

	9 Months To 31-Dec-19 \$	9 Months To 31-Dec-18 \$	Audited 31-Mar-19
Assets			
Non-Current Assets			
Property, Plant and Equipment	548,723,532	547,489,078	559,516,063
Current Assets			
Inventories	638,901,704	521,752,531	647,955,332
Trade Receivables	340,936,856	308,609,214	327,805,233
Other Receivables & Prepayments	132,164,002	104,643,928	73,022,362
Tax Recoverable	2,338,579	2,337,039	2,337,129
Cash and Bank Balances	34,876,337	31,878,718	38,279,922
	<u>1,149,217,478</u>	<u>969,221,430</u>	<u>1,089,399,978</u>
Total Assets	<u>1,697,941,010</u>	<u>1,516,710,508</u>	<u>1,648,916,041</u>
Equity			
Capital and Reserve			
Share Capital	107,835,764	107,835,764	107,835,764
Revaluation Reserve	48,198,190	48,198,190	48,198,190
Retained Profits	603,396,843	544,356,003	603,178,187
Total Equity	<u>759,430,797</u>	<u>700,389,957</u>	<u>759,212,141</u>
Liabilities			
Non-Current Liabilities			
Interest-bearing Borrowings	141,430,525	212,668,738	126,583,691
Deferred tax liability	6,836,034	-	6,836,034
	<u>148,266,559</u>	<u>212,668,738</u>	<u>133,419,725</u>
Current Liabilities			
Trade Payables	252,440,514	274,312,777	387,190,883
Other Payables	82,703,935	70,352,986	67,510,373
Income tax payable	7,875,260	0.00	3,717,814
Short Term Borrowings	272,500,000	219,500,000	297,660,495
Bank Overdraft	174,723,945	39,486,050	204,610
	<u>790,243,654</u>	<u>603,651,813</u>	<u>756,284,175</u>
Total Liabilities	<u>938,510,213</u>	<u>816,320,551</u>	<u>889,703,900</u>
Total Equity and Liabilities	<u>1,697,941,010</u>	<u>1,516,710,508</u>	<u>1,648,916,041</u>

Approved for issue by the Board of Directors on February 5, 2020 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 December 31, 2019

	Share Capital	Revaluation Reserve	Retained Profit	Total
	\$	\$	\$	\$
Balance at April 1, 2018	107,835,764	48,198,190	517,095,067	673,129,021
Dividend paid	-	-	(27,368,421)	(27,368,421)
Total comprehensive income for the period	-	-	54,629,358	54,629,358
BALANCE AT DECEMBER 31, 2018	107,835,764	48,198,190	544,356,004	700,389,958
Balance at April 1, 2019	107,835,764	48,198,190	603,178,187	759,212,141
Dividend paid	-	-	(28,947,368)	(28,947,368)
Total comprehensive income for the period	-	-	29,166,024	29,166,024
BALANCE AT DECEMBER 31, 2019	107,835,764	48,198,190	603,396,843	759,430,797

Medical Disposables & Supplies Limited

Unaudited Statement of Cash Flows
For The Nine Months Ended December 2019

	December 2019	December 2018
	\$	
Cash flows from operating activities:		
Profit before tax	33,323,470	54,659,358
Adjustments for:		
Depreciation	21,933,492	18,342,080
Interest expenses	32,823,205	29,284,600
Interest income	(8,411)	(15,158)
	<u>88,071,756</u>	<u>102,270,880</u>
Decrease in inventories	9,053,628	22,029,588
Increase in trade and other receivables	(2,528,436)	(27,233,238)
Decrease in trade and other payables	<u>(189,301,633)</u>	<u>(119,994,027)</u>
Cash used in operations	(94,704,684)	(22,926,797)
Income tax paid	(1,453)	(32,319)
Interest paid	<u>(32,823,205)</u>	<u>(29,284,600)</u>
Net cash (used in) / provided by operating activities	(127,529,342)	(52,243,716)
Cash flows from investing activities:		
Purchase of property, plant & equipment	(11,140,963)	(52,936,113)
Interest received	8,411	15,158
Net cash used in investing activities	(11,132,552)	(52,920,955)
Cash flows from financing activities:		
Dividend payments	(28,947,368)	(27,368,421)
Proceeds from borrowings	97,500,000	341,596,138
Repayment of borrowings	<u>(107,813,661)</u>	<u>(245,937,672)</u>
Net cash used in financing activities	(39,261,029)	68,290,045
Net decrease in cash & cash equivalents	(177,922,923)	(36,874,626)
Cash and cash equivalent at beginning of period	<u>38,075,315</u>	<u>29,267,294</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	(139,847,608)	(7,607,332)
	December 2019	December 2018
	\$	\$
Cash and Bank balances	34,876,337	31,878,718
Bank Overdraft	<u>(174,723,945)</u>	<u>(39,486,050)</u>
	(139,847,608)	(7,607,332)

Medical Disposables & Supplies Limited

Notes to the Unaudited Financial Statements
Nine Months Ended December 31, 2019

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

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 pharmaceuticals, medical disposables and consumables products.

2. Basis of preparation

The condensed interim financial statements for the Nine Months Ended December 31, 2019 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 as at March 31, 2019, 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, 2019.

4. Share capital

	2019	2018
	\$	\$
Authorised:		
408,000,000 ordinary shares (2018 - 408,000,000)		
Stated capital		
Issued and fully paid:		
263,157,895 ordinary shares	<u>107,835,764</u>	<u>107,835,764</u>
Balance at end of the period	<u>107,835,764</u>	<u>107,835,764</u>

Medical Disposables & Supplies Limited

Notes to the Unaudited Financial Statements

Nine Months Ended December 31, 2019

5. 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%

TOP TEN (10) SHAREHOLDERS

Shareholders	Number of Units	Shareholding %
Kurt Boothe	51,154,333	19.43%
Myrtis Boothe	50,000,000	19.00%
Winston Boothe	50,000,000	19.00%
Nikeisha Boothe	50,000,000	19.00%
Mayberry Jamaican Equities Limited	13,968,724	5.30%
Mayberry Managed Clients A/Cs	7,664,695	2.91%
Apex Pharmacy	3,496,926	1.13%
PWL Bamboo Holding Limited	3,350,631	1.27%
VM Wealth Equity Fund	2,968,948	1.13%
Nigel Coke	1,823,092	0.69%
Lawrence and Associates	1,284,222	0.49%
Konrad Limited	1,204,337	0.46%
Dahlia McDaniel	1,159,398	0.44%

SHAREHOLDING OF DIRECTORS AND SENIOR MANAGERS

Directors	Total	Direct	Connected Parties
Kurt Boothe	201,154,333	51,154,333	150,000,000
Myrtis Boothe	200,986,333	50,000,000	150,986,333
Winston Boothe	200,986,333	50,000,000	150,986,333
Nikeisha Boothe	200,986,333	50,000,000	150,986,333
Dahlia McDaniel-Dickson	1,459,398	1,159,398	300,000
Vincent Lawrence	1,284,222	Nil	1,284,222
Sandra Glasgow	Nil	Nil	Nil
Senior Managers	Total	Direct	Connected Parties
Kurt Boothe	201,154,333	51,154,333	150,000,000
Myrtis Boothe	200,986,333	50,000,000	150,986,333
Nikeisha Boothe	200,986,333	50,000,000	150,986,333
Len worth Murray	63,000	63,000	Nil
Gerard Whyte	54,000	54,000	Nil