



MEDICAL DISPOSABLES
& SUPPLIES LIMITED



MEDICAL DISPOSABLES & SUPPLIES LIMITED

**Unaudited Financial Statements
For First Quarter Ended June 30, 2020**



RELEASE TO SHAREHOLDERS

For the Three Months Ended June 30, 2020

The Board of Directors of Medical Disposables and Supplies Limited (MDS) hereby releases the following unaudited financial results for the first quarter, ended June 30, 2020.

FINANCIAL HIGHLIGHTS

| | Three Months Ended Jun 30, 2020 | Three Months Ended Jun 30, 2019 | Year over Year | Audited Year Ended March 31, 2020 |
|---------------------------------------|------------------------------------|------------------------------------|-------------------|--------------------------------------|
| Revenue | \$510.081M | \$557.233M | -8.46% | \$2.418B |
| Gross profit | \$112,838M | \$141.178M | -20.07% | \$558.930M |
| Total Operational Expenses | \$114.955M | \$102.638M | -12.00% | \$460.324M |
| Total Non-Operational Expenses | \$4.950M | \$20.158M | 75.44% | \$63.128M |
| Profit Before Tax | (\$7.067M) | \$18.382M | -138.45% | \$35.477M |
| Earnings per share (EPS) | (3 cents) | 6 cents | -150% | 6 cents |
| Total Assets | \$1.88B | \$1.65B | 14% | \$1.65B |
| Shareholders' equity | \$826.69M | \$775.11M | 7% | \$833.76M |

RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2020

For the first quarter ended June 30, 2020, the Company generated sales revenue of \$510.08M, an 8.6% reduction compared to the corresponding period in the previous year. This decline in sales is a direct result of the economic downturn brought about by the COVID-19 pandemic and the measures implemented to curtail its spread. With the pharmacy network and patients overstocking multiple months supply on prescription items due to uncertain drug availability, the quarter reflected minimal sales activity due to market oversupply. Hospital activity was also minimalized due to social distancing, quarantine preparations, restriction of population movement, resulting in the postponement of elective surgeries and prioritizing of critical cases only. Doctors' office closures and reduction in operating hours, also reduced patient load, all of which resulted in sales reductions of 9% and 22% in the Pharmaceutical and Medical Divisions, respectively. Year over year saw a decrease of 8.5% or \$47.15M in sales of medical supplies.

The Consumer Division saw encouraging growth in sales of \$9.5M or 18% when compared to the corresponding period in the previous year, reflective of the expanded product lines and the restructuring of the Division.

Gross profit of \$112.8M decreased by 20% or \$28.3M over the previous year as a result of the reduction in sales of pharmaceutical and medical disposable products. Gross Profit percentage for the period fell to 22.1% compared to 25.3% in 2019.

Total operational expenses increased by \$12.32M from \$102.64M in 2019 to \$114.96M in 2020, representing an increase of 12.0%. The movement was due to the costs associated with boosting the sales effort, particularly in the Consumer Division. Operational expenses accounted for 22.5% of sales revenue for the current period, up from 18.4% of sales revenue for corresponding period in the previous year. Total non-operational expenses decreased significantly from \$15.9M in 2019 to \$4.95M in 2020 or 75.4%. A significant contributor was gains on foreign exchange.

Given the fall off in sales revenue, the Company suffered a Loss before Taxation of \$7.07M, a decrease of \$23M over the previous year.

Total assets grew by \$230.7M or 13.95% from \$1.65B to \$1.88B, due to increases in Inventories and Property, Plant and Equipment.

Total Liabilities increased by \$179M or 20.4% from \$878.1M to \$1,057.2M over the prior year. This was due to an increase in short term borrowings and bank overdraft used to facilitate growth and business expansion.

Shareholders' equity increased by \$51.6M or 6.7% from \$775.1M to \$826.7M.

Despite the significant impact on the business brought about by the containment strategies imposed to combat the spread of COVID-19, we continue to realign our business strategies to focus on deeper market penetration and strengthening relationships with our customers, shareholders and the MDS family.

As we strive to manage our business in this challenging business environment, we thank all our shareholders and stakeholders for your continued support .



Kurt Boothe
GENERAL MANAGER



August 11, 2020

Medical Disposables & Supplies Limited

Unaudited Statement of Comprehensive Income

For the Period Ended June 30, 2020

| | Three Months To June 2020 \$ | Three Months To June 2019 \$ | Audited March 2020 \$ |
|---|------------------------------------|------------------------------------|-----------------------------|
| Revenue | 510,081,350 | 557,232,893 | 2,481,141,479 |
| Cost of sales | (397,243,078) | (416,054,834) | (1,922,211,922) |
| Gross profit | 112,838,271 | 141,178,059 | 558,929,557 |
| Other income | 1,273,470 | 1,408,084 | 5,645,110 |
| Administrative expenses | (53,293,563) | (52,521,939) | (245,637,173) |
| Selling and promotional costs | (55,901,108) | (44,988,794) | (183,394,915) |
| Other operating expenses | - | 606,708 | (7,594,269) |
| Depreciation | (7,033,608) | (7,142,534) | (29,343,036) |
| Total Operational Expenses | (114,954,809) | (102,638,475) | (460,324,283) |
| Profit after Operational Expenses | (2,116,538) | 38,539,583 | 98,605,273 |
| Finance income | 217,496 | 7,060 | 2,848,993 |
| Finance cost | (9,203,352) | (10,766,887) | (47,995,363) |
| Gain on disposal of property, plant & equipment | - | - | 1,500,833 |
| Gain / (loss) on foreign exchange | 4,035,450 | (9,398,237) | (19,482,279) |
| Total Non Operational Expenses | (4,950,405) | (20,158,063) | (63,127,815) |
| Profit Before Tax | (7,066,943) | 18,381,520 | 35,477,458 |
| Tax expense | - | (2,483,482) | (920,775) |
| PROFIT FOR THE PERIOD / YEAR | (7,066,943) | 15,898,038 | 34,556,683 |
| EARNINGS PER SHARE | (0.03) | 0.06 | 0.13 |

Medical Disposables & Supplies Limited

Unaudited Statement of Financial Position
As At June 30, 2020

| | Three Months To June 2020 | Three Months To June 2019 | Audited March 2020 |
|-------------------------------------|------------------------------|------------------------------|-----------------------------|
| | \$ | \$ | \$ |
| Assets | | | |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 607,719,339 | 561,589,175 | 614,413,778 |
| Current Assets | | | |
| Inventories | 782,842,417 | 582,137,237 | 571,600,120 |
| Trade Receivables | 332,789,152 | 317,277,109 | 451,464,311 |
| Other Receivables & Prepayments | 123,062,567 | 157,769,160 | 115,079,350 |
| Tax Recoverable | 2,341,955 | 2,337,162 | 2,340,458 |
| Cash and Bank Balances | 35,113,986 | 32,105,043 | 15,095,618 |
| | <u>1,276,150,077</u> | <u>1,091,625,712</u> | <u>1,155,579,857</u> |
| Total Assets | <u>1,883,869,415</u> | <u>1,653,214,887</u> | <u>1,769,993,635</u> |
| Equity | | | |
| Capital and Reserve | | | |
| Share Capital | 107,835,764 | 107,835,764 | 107,835,764 |
| Revaluation Reserve | 117,135,200 | 48,198,190 | 117,135,200 |
| Retained Profits | 601,720,559 | 619,076,225 | 608,787,501 |
| Total Equity | <u>826,691,523</u> | <u>775,110,180</u> | <u>833,758,465</u> |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| Interest-bearing Borrowings | 124,170,065 | 169,874,586 | 134,095,208 |
| Deferred liability | 2,419,747 | 6,836,034 | 2,419,747 |
| | <u>126,589,811</u> | <u>176,710,620</u> | <u>136,514,955</u> |
| Current Liabilities | | | |
| Trade Payables | 374,444,586 | 360,171,634 | 320,807,976 |
| Other Payables | 63,461,845 | 64,443,487 | 74,873,973 |
| Income tax payable | 5,307,062 | 6,201,296 | 5,307,062 |
| Short Term Borrowings | 326,000,000 | 125,000,000 | 259,750,000 |
| Bank Overdraft | 161,374,588 | 145,577,669 | 138,981,203 |
| | <u>930,588,082</u> | <u>701,394,087</u> | <u>799,720,214</u> |
| Total Liabilities | <u>1,057,177,893</u> | <u>878,104,707</u> | <u>936,235,169</u> |
| Total Equity and Liabilities | <u>1,883,869,415</u> | <u>1,653,214,887</u> | <u>1,769,993,634</u> |

Approved for issue by the Board of Directors on August 11, 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 June 30, 2020

| | Share Capital | Revaluation Reserve | Retained Profit | Total |
|---|--------------------|---------------------|--------------------|--------------------|
| | \$ | \$ | \$ | \$ |
| Balance at April 1, 2019 | 107,835,764 | 48,198,190 | 603,178,186 | 759,212,141 |
| Dividend paid | - | - | - | - |
| Total comprehensive income for the period | - | - | 15,898,038 | 15,898,038 |
| BALANCE AT June June 30, 2019 | 107,835,764 | 48,198,190 | 619,076,224 | 775,110,179 |
| Balance at April 1, 2020 | 107,835,764 | 117,135,200 | 608,787,501 | 833,758,465 |
| Dividend paid | - | - | - | - |
| Total comprehensive income for the period | - | - | (7,066,943) | (7,066,943) |
| BALANCE AT June June 30, 2020 | 107,835,764 | 117,135,200 | 601,720,558 | 826,691,522 |

Medical Disposables & Supplies Limited

Unaudited Statement of Cash Flows
For the Three Months Ended June 30, 2020

| | June 2020 \$ | June 2019 \$ |
|---|----------------------|----------------------|
| Cash flows from operating activities: | | |
| Profit before tax | (7,066,943) | 18,381,520 |
| Adjustments for: | | |
| Depreciation | 7,033,608 | 7,142,534 |
| Interest expenses | 9,164,581 | 10,766,887 |
| Interest income | (5,977) | (7,060) |
| | <u>9,125,269</u> | <u>36,283,880</u> |
| (Decrease)/Increase in inventories | (211,242,297) | 65,818,095 |
| Increase in trade and other receivables | 110,691,942 | (4,473,847) |
| Decrease in trade and other payables | <u>42,224,482</u> | <u>(99,831,016)</u> |
| Cash used in operations | (49,200,603) | (2,202,889) |
| Income tax paid | (1,497) | (34) |
| Interest paid | <u>(9,164,581)</u> | <u>(10,766,887)</u> |
| Net cash used in operating activities | (58,366,682) | (12,969,809) |
| Cash flows from investing activities: | | |
| Purchase of property, plant & equipment | (339,169) | (9,215,647) |
| Interest received | 5,977 | 7,060 |
| Net cash used in investing activities | (333,192) | (9,208,586) |
| Cash flows from financing activities: | | |
| Proceeds from borrowings | 143,750,000 | (134,095,208) |
| Repayment of borrowings | <u>(87,425,144)</u> | <u>4,725,609</u> |
| Net cash provided by financing activities | 56,324,856 | (129,369,600) |
| Net decrease in cash & cash equivalents | (2,375,017) | (151,547,995) |
| Cash and cash equivalent at beginning of period | <u>(123,885,585)</u> | <u>38,075,367</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF PERIOD | (126,260,602) | (113,472,628) |
| Cash and Bank balances | 35,113,986 | 32,105,043 |
| Bank Overdraft | <u>(161,374,588)</u> | <u>(145,577,671)</u> |
| | (126,260,602) | (113,472,628) |

Medical Disposables & Supplies Limited

Notes to the Unaudited Financial Statements

Three Months Ended June 30, 2020

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 Three Months Ended June 30, 2020 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, 2020, 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, 2020.

4. Share capital

| | 2020 | 2019 |
|---|--------------------|--------------------|
| | \$ | \$ |
| Authorised: | | |
| 408,000,000 ordinary shares (2018 - 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 period | 107,835,764 | 107,835,764 |

Medical Disposables & Supplies Limited

Notes to the Unaudited Financial Statements

Three Months Ended June 30, 2020

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 | 19.44% |
| 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 | 8,240,444 | 3.13% |
| Mayberry Managed Clients A/Cs | 7,266,663 | 2.76% |
| Firs Rock Capital Holdings Limited | 5,000,000 | 1.90% |
| Apex Pharmacy | 3,496,926 | 1.33% |
| VM Wealth Equity Fund | 2,968,948 | 1.13% |
| Nigel Coke | 1,823,092 | 0.69% |

SHAREHOLDING OF DIRECTORS AND SENIOR MANAGERS

| Directors | Total | Direct | Connected Parties |
|-------------------------|-------------|------------|-------------------|
| Kurt Boothe | 201,154,333 | 51,154,333 | 150,000,000 |
| Myrtis Boothe | 201,154,333 | 50,000,000 | 151,154,333 |
| Winston Boothe | 201,154,333 | 50,000,000 | 151,154,333 |
| Nikeisha Boothe | 201,154,333 | 50,000,000 | 151,154,333 |
| 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 | 201,154,333 | 50,000,000 | 151,154,333 |
| Nikeisha Boothe | 201,154,333 | 50,000,000 | 151,154,333 |
| Lenworth Murray | 63,000 | 63,000 | Nil |
| Gerard Whyte | 54,000 | 54,000 | Nil |
| Antoinette McDonald | 30,500 | Nil | 30,500 |