



MEDICAL DISPOSABLES & SUPPLIES LIMITED

**Unaudited Consolidated Financial Statements
For Second Quarter Ended September 30, 2021.**



RELEASE TO SHAREHOLDERS

For the Six Months Ended September 30, 2021

The Board of Directors of Medical Disposables and Supplies Limited (MDS) is pleased to release the following unaudited consolidated financial results for the second quarter, ended September 30, 2021.

FINANCIAL HIGHLIGHTS

	Three Months Ended Sep 30, 2021	Three Months Ended Sep 30, 2020	Six Months Ended Sep 30, 2021	Six Months Ended Sep 30, 2020
Revenue	\$936.48M	\$630.16M	\$1,619.07M	\$1,140.24M
Gross profit	\$234M	\$150.59M	\$410.49M	\$263.42M
Total Operational Expenses	\$183.05M	\$114.63M	\$310.06M	\$226.78M
Total Non-Operational Expenses	\$25.42M	\$41.99M	\$45.77M	\$49.75M
Profit Before Tax	\$25.53M	(\$6.04M)	\$54.66M	(\$13.11M)
Earnings per share (EPS)	8 cents	(2 cents)	18 cents	(5 cents)
Total Assets	\$2,619.7M	\$1,777.24M	\$2,619.7M	\$1,777.24M
Shareholders' equity	\$1,045.66M	\$820.65M	\$1,045.66M	\$820.65M

RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2021

For the quarter ended September 30, 2021, the company generated total sales of \$936.48M, an increase of 49% or \$306.3M compared to the corresponding period in the previous year. This increase in sales is due to increased business activity as well as the consolidation of the operations of the new subsidiary Cornwall Enterprises Limited. There has been a significant improvement in the movement of pharmaceutical and medical disposable items, especially with fewer lock-down periods when compared to last year. During the same period in 2020, the country was being impacted by the measures implemented to decelerate the spread of the Covid-19 virus. Those measures led to a downturn in economic activity and a contraction in consumer activity. During the quarter ended September 30, 2021, the industry was affected by shorter business hours and the closure of businesses on some days as Government wrestled to contain the spread of the disease. However, as a provider of vital, essential and necessary products, MDS has experienced less exposure to the negative effects of the shortened business hours.

The Medical Division continues to grow with new opportunities being realized through the demand for personal protective equipment and sanitization items. The strengthening of the Consumer Division has positively impacted total sales which reflects considerable growth in a number of product areas brought to the market within the last eighteen months.

Gross profit of \$234M improved by 55% or \$83.42M when compared to the second quarter of the previous year, which was mainly a result of the increase in sales of pharmaceutical and medical disposable products. Gross Profit percentage for the period rose to 25% compared to 24% in 2020.

Total operational expenses increased by \$68.4M from \$114.63M in 2020 to \$183.05M in 2021, representing an increase of 60%, which significantly relates to the consolidation of the subsidiary's operations. Operational expenses accounted for 19.6% of sales for the current period, marginally up from 18.2% of sales for the corresponding period in the previous year. This is expected with increased business activity.

Total non-operational expenses decreased by \$16.6M from just under \$42M for the second quarter in 2020 to \$25.42M for the same period in 2021. The main drivers of the reduction were lower finance costs as well as a reduction in losses on foreign exchange trading.

The Company returned a profit after taxation of \$21.45M for the second quarter, an increase of \$27.49M when compared to the prior year loss of \$6.04M.

RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2021

Year to date sales for the six months ended September 30, 2021 moved to \$1.62B, an increase of \$478.83M or 42% when compared to the prior year.

Gross profit of \$410.49M for the six month period reflects a 56% or \$147.07M increase over the previous year. This increase resulted from increased efficiencies, more robust business activity, and consolidation of the operations of the subsidiary, Cornwall Enterprises Limited. Additionally, the company strategically targeted niche areas in the pharmaceutical and medical disposable product range. There was also a sharp increase in gross profit margins, moving from 23.1% in prior year to 25.4% in the current year to date.

The company incurred total operational expenses of \$310.06M for the period under review, increasing by \$83.28M or 37% over the previous year. This increase was due mainly to administrative costs from the consolidation. There was an increase in selling and distribution costs in line with the increase in sales. Operational expenses as a percentage of sales fell slightly when compared to prior year, moving from 19.9% for the six months to September in 2020 to 19.2% for the same period in 2021.

Total non-operational expenses of \$45.8M at the end of September 2021 declined from \$49.8M at the same point in 2020. Finance related expenses accounted for most of the reductions, falling by 9% when compared to the prior year.

The Company achieved a year to date profit after tax of \$46.9M, up from a loss of \$13.1M at the same point last year.

Total assets grew by \$842.5M or 47% from \$1.78B as at September 30, 2020 to \$2.62B for the same period in 2021. A significant amount of this increase is due to the acquisition of a 60% stake in subsidiary company, Cornwall Enterprises Limited (CEL). The acquisition added non-current assets of just over \$250M. The Group expanded Inventories on hand during the current period by \$287.8M when compared to prior year in order to respond to the market

demand as well as offset any fall-off/delays in shipping and logistics issues being experienced globally.

Total Liabilities increased by \$617.5M or 65% from \$956.6M at the end of the second quarter in 2020 to \$1,574.04M for the same period in 2021. This was due to an increase in working capital for increased trade and other payables of \$523M when compared to prior year. Interest bearing loans grew by \$132.1M whilst credit line balances decreased by \$143.1M. A portion of the loan was used to finance the acquisition.

Shareholders' equity increased by \$225M or 27% from \$820.7M as at September 30, 2020 to \$1,045.7M at the end of the current period. Non-controlling interest accounted for just over \$122M.

Earnings per share increased from (\$0.05) as at September 2020, compared to \$0.18 for the quarter under review.

We take this opportunity to thank all our stakeholders for their patience and commitment during these trying times. The company continues to show resilience despite the significant impact on the business brought about by the containment strategies imposed to combat the spread of COVID-19. Our aim is always to align our business strategies to focus on deeper market penetration and strengthening relationships with our customers, shareholders and our MDS team. We thank all our shareholders and stakeholders for their continued support.

Stay safe.



Kurt Boothe

CHIEF EXECUTIVE OFFICER



November 9, 2021

Medical Disposables & Supplies Limited
Unaudited Consolidated Statement of Comprehensive Income
For the Period Ended September 30, 2021

	Three Months To September 2021	Three Months To September 2020	Six Months To September 2021	Six Months To September 2020
	\$	\$	\$	\$
Revenue	936,483,625	630,156,510	1,619,065,601	1,140,237,859
Cost of sales	(702,482,019)	(479,571,019)	(1,208,576,673)	(876,814,097)
Gross profit	234,001,606	150,585,490	410,488,928	263,423,762
Other income	3,402,942	1,311,960	4,748,442	2,585,430
Administrative expenses	(112,342,087)	(62,529,792)	(174,949,670)	(112,783,431)
Selling and promotional costs	(58,739,318)	(46,460,387)	(117,376,703)	(102,594,773)
Other operating expenses	(2,134,066)	-	(2,134,066)	-
Depreciation	(13,235,209)	(6,956,558)	(20,348,097)	(13,990,166)
Total Operational Expenses	(183,047,739)	(114,634,778)	(310,060,095)	(226,782,940)
Profit after Operational Expenses	50,953,866	35,950,711	100,428,832	36,640,821
Finance income	4,635,790	200,686	5,106,812	418,183
Finance cost	(28,311,344)	(38,127,548)	(45,466,410)	(50,137,547)
Gain on disposal of property, plant & equipment	-	50,000	-	50,000
(loss) on foreign exchange	(1,746,081)	(4,112,273)	(5,413,925)	(76,823)
Total Non Operational Expenses	(25,421,635)	(41,989,134)	(45,773,522)	(49,746,186)
Profit/(Loss) Before Tax	25,532,231	(6,038,423)	54,655,310	(13,105,365)
Tax expense	(4,083,348)	-	(7,723,732)	-
PROFIT/(LOSS) FOR THE PERIOD	21,448,884	(6,038,423)	46,931,578	(13,105,365)
EARNINGS PER SHARE	0.08	(0.02)	0.18	(0.05)

Medical Disposables & Supplies Limited

Unaudited Consolidated Statement of Financial Position

As At September 30, 2021

	Six Months To September 2021 \$	Six Months To September 2020 \$	Twelve Months to March 2021 \$
Assets			
Non-Current Assets			
Property, Plant and Equipment	800,848,541	601,072,781	821,003,592
Intangible Assets	32,879,000		32,879,000
	<u>833,727,541</u>	<u>601,072,781</u>	<u>853,882,592</u>
Current Assets			
Inventories	943,850,889	656,044,792	853,802,501
Trade Receivables	514,469,279	359,501,829	397,812,213
Other Receivables & Prepayments	230,366,873	135,412,419	122,519,580
Tax Recoverable	2,361,848	2,343,455	2,350,729
Cash and Bank Balances	94,923,208	22,868,194	100,792,193
	<u>1,785,972,098</u>	<u>1,176,170,690</u>	<u>1,477,277,217</u>
Total Assets	<u>2,619,699,638</u>	<u>1,777,243,470</u>	<u>2,331,159,810</u>
Equity			
Capital and Reserve			
Share Capital	107,835,764	107,835,764	107,835,764
Revaluation Reserve	108,518,074	117,135,200	108,518,074
Retained Profits	706,911,803	595,682,137	678,401,277
Non-Controlling Interest	122,391,000		122,391,000
Total Equity	<u>1,045,656,641</u>	<u>820,653,101</u>	<u>1,017,146,115</u>
Liabilities			
Non-Current Liabilities			
Due on Business Acquisition	31,098,000	-	31,098,000
Interest-bearing Borrowings	283,944,998	151,846,994	159,315,438
Deferred liability	21,710,391	2,419,747	21,710,391
	<u>336,753,389</u>	<u>154,266,741</u>	<u>212,123,829</u>
Current Liabilities			
Trade Payables	500,316,856	152,648,669	400,320,365
Other Payables	240,802,284	65,447,948	210,509,143
Income tax payable	10,352,878	5,307,062	11,916,506
Short Term Borrowings	450,000,000	400,000,000	350,000,000
Bank Overdraft	35,817,590	178,919,948	129,143,851
	<u>1,237,289,609</u>	<u>802,323,628</u>	<u>1,101,889,865</u>
Total Liabilities	<u>1,574,042,998</u>	<u>956,590,369</u>	<u>1,314,013,694</u>
Total Equity and Liabilities	<u>2,619,699,638</u>	<u>1,777,243,470</u>	<u>2,331,159,808</u>

Approved for issue by the Board of Directors on November 9, 2021 and signed on its behalf by:


 KURT BOOTHE
 Chief Executive Officer


 WINSTON BOOTHE
 Chairman

Medical Disposables & Supplies Limited

Unaudited Consolidated Statement of Changes In Equity

For the Period Ended September 30, 2021

	Share Capital \$	Revaluation Reserve \$	Non-Controlling Interest \$	Retained Profit \$	Total \$
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	-			(13,105,365)	(13,105,365)
BALANCE AT September 30, 2020	107,835,764	117,135,200	-	595,682,137	820,653,101
Balance at April 1, 2021	107,835,764	108,518,074		678,401,277	894,755,115
Non-controlling Interest			122,391,000		122,391,000
Dividend paid	-	-	-	(18,421,053)	(18,421,053)
Total comprehensive income for the period	-	-		46,931,578	46,931,578
BALANCE AT September 30, 2021	107,835,764	108,518,074	122,391,000	706,911,803	1,045,656,641

Medical Disposables & Supplies Limited

Unaudited Consolidated Statement of Cash Flows
For the Six Months Ended September 30, 2021

	September 2021	September 2020
	\$	\$
Cash flows from operating activities:		
Profit before tax	54,655,310	(13,105,365)
Adjustments for:		
Depreciation	20,348,098	13,990,166
Interest expenses	18,596,410	44,907,185
Interest income	(44,903)	(418,183)
Gain on of property, plant & equipment	-	(50,000)
	93,554,915	45,323,804
Increase in inventories	(90,048,387)	(84,444,672)
(Increase)/Decrease in trade and other receivables	(224,504,359)	99,055,354
Increase/ (Decrease) in trade and other payables	130,289,632	(205,011,273)
	(90,708,199)	(145,076,786)
Cash used in operations	(90,708,199)	(145,076,786)
Income tax paid	(9,298,479)	
Interest paid	(18,596,410)	(44,907,185)
Net cash used in operating activities	(118,603,088)	(189,983,972)
Cash flows from investing activities:		
Purchase of property, plant & equipment	(193,046)	(649,169)
Proceeds from sales of property, plant & equipment	-	50,000
Interest received (net of withholding tax)	44,903	415,186
Net cash used in investing activities	(148,143)	(183,983)
Cash flows from financing activities:		
Dividend payments	(18,421,053)	-
Proceeds from borrowings	486,862,212	508,654,918
Repayment of borrowings	(262,112,256)	(349,208,375)
Lease repayment (net)	(120,396)	(1,444,757)
Net cash provided by financing activities	206,208,507	158,001,786
Net increase/(decrease) in cash & cash equivalents	87,457,276	(32,166,169)
Cash and cash equivalent at beginning of period	(28,351,657)	(123,885,585)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	59,105,618	(156,051,754)

Medical Disposables & Supplies Limited

Notes to the Unaudited Consolidated Financial Statements
Six Months Ended September 30, 2021

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.

Medical Disposables & Supplies Limited is the parent company of Cornwall Enterprises Limited. The subsidiary is 60% owned by the Company. The Company and its subsidiary are referred to as the Group.

2. Basis of preparation

The condensed interim financial statements for the Six Months Ended September 30, 2021 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, 2021, 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, 2021.

4. Share capital

	2021	2020
	\$	\$
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

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%

The Company is now in year 8 of the waiver and therefore is now liable to pay income taxes at a rate of 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	8,862,972	3.37%
Mayberry Managed Clients A/Cs	6,438,095	2.45%
First Rock Capital Holdings Limited	5,000,000	1.90%
Apex Pharmacy	3,496,926	1.33%
VM Wealth Equity Fund	2,418,948	0.92%
Nigel Coke	2,093,598	0.80%

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