



# **MEDICAL DISPOSABLES & SUPPLIES LIMITED**

**Unaudited Consolidated Financial Statements  
for the Second Quarter Ended September 30,  
2022.**



# Release to Shareholders

For the Second Quarter Ended September 30, 2022

The Board of Directors of Medical Disposables and Supplies Limited (MDS) is pleased to present the following unaudited consolidated financial results for the second quarter, ended September 30, 2022.

## FINANCIAL HIGHLIGHTS

	Three Months Ended Sep 30, 2022	Three Months Ended Sep 30, 2021	Six Months Ended Sep 30, 2022	Six Months Ended Sep 30, 2021
Revenue	\$930.24M	\$936.48M	\$1,822.67M	\$1,619.07M
Gross profit	\$250.93M	\$234M	\$480.37M	\$410.49M
Total Operational Expenses	\$201.71M	\$183.05M	\$386.37M	\$310.06M
Total Non-Operational Expenses	\$25.22M	\$25.42M	\$50.18M	\$45.77M
Profit After Tax	\$19.30M	\$21.45M	\$35.85M	\$46.93M
Earnings per share (EPS)	7 cents	8 cents	14 cents	18 cents
Total Assets	\$2,914.14M	\$2,619.7M	\$2,914.14M	\$2,619.7M
Shareholders' equity	\$1,140.00M	\$1,045.66M	\$1,140.00M	\$1,045.66M

### RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2022

Year to date sales at MDS grew by \$203.6M or 12.6% when compared to the half year period in 2021. During the second quarter, the Group returned marginally lower revenue when compared to the corresponding period in 2021, generating total sales of \$930.24M, just \$6.24M or less than 1% shy of last year's figure. The marginal reduction in revenue signalled relative stability for the second quarter, proving resilience in a market that is rebounding from the effects of the Pandemic. Business activity has seen tremendous improvement which is reflective of the overall increase in sales in the Pharmaceutical and Consumer Divisions.

Gross profit of \$250.93M for the current quarter improved by 7% or \$16.92M when compared to the second quarter of the previous year, resulting from an increase in sales of pharmaceutical and consumer items. Gross Profit percentage for the period increased from 24.99% in 2021 to 26.97% in 2022.

Total operational expenses for the second quarter have grown 10.2% or \$18.67M when compared to the corresponding period of the prior year, due generally to increased selling and promotional activity to boost sales, which is reflected in the increased cost.

Total non-operational expenses for the second quarter were in line with that of the prior year, totalling \$25.2M, down marginally from the \$25.4M in the prior year.

## RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022

Total Sales increased by 12.6% or \$203.6M for the six-month period ended September 30, 2022 to \$1,822.7M from \$1,619.1M generated for the same period in 2021. This growth was driven by increased sales across all Divisions including the subsidiary, Cornwall Enterprises Limited.

Gross profit for the year to date increased by 17% or \$69.89M, moving from \$410.49M in 2021 to \$480.37M in the current period. Gross Profit percentage for the six months in 2022 increased from 25.35% in 2021 to 26.36%. However, profit after tax at the end of September 2022 was \$35.85M, down by \$11.02M from the previous year.

This decline can be attributed to several factors including sustained supply chain issues at the manufacturing end, which has led to out-of-stock positions. The most severe cases are reflected in the key specialist areas of vaccines and oncology products. Internal estimates indicate that without these logistics challenges, an additional \$91M of revenue and \$19.8M in gross profit would have been realized for the period, driving total revenue and profit to \$1.02B and \$51.78M respectively.

Total operational expenses increased by 24.6% or \$76.31M, largely due to higher administrative expenses, higher salaries, staff benefits and related expenses as the Group positions itself to manage the projected expansion possibilities. MDS is cognisant that to grow through the next phase of the business cycle, attracting and retaining high level talent must be a deliberate priority in its medium-term planning.

Non-operational costs increased by 9.62% or \$4.40M for the year to date when compared to the six-month period in the prior year. This was due mainly to an overall upward adjustment in financing costs, particularly working capital. The increased usage of the working capital lines of credit was deemed necessary to hold greater levels of inventory in an effort to mitigate against any additional supply chain risks that could lead to further out-of-stock instances. The Group achieved exchange rate gains through the prudent management of its foreign exchange reserves.

## BALANCE SHEET

Total assets grew by \$294.45M or 11.2%, increasing from \$2.62B at the end of September 2021 to \$2.91B at the end of September 2022. This increase was due to higher levels of Inventory on hand of 42.9% or \$404.62M when compared to the previous year. As the Group implements a new strategic approach to purchasing and logistics, it has become necessary to increase the inventory levels on hand. This response will also minimize the risks associated with uncertainties caused by disruptions in the global shipping and logistics sector. Accounts receivable has decreased by \$138.08M as at September 30, 2022 when compared to the same period in 2021.

Total Liabilities increased by \$200.1M or 12.7% from \$1.57B at the end of the second quarter of the prior year to \$1.77B for the same period in 2022. Working capital credit lines grew by \$257.1M which reflected the sustained increase in inventory levels. Trade payables reflected a reduction of \$95.3M when compared to the corresponding year.

Shareholders' equity increased by \$94.35M or 9% from \$1,045.66M as at September 30, 2021 to \$1,140.01M at the end of the current period. Non-controlling interest accounted for \$136.87M.

Earnings per share fell from \$0.18 a year ago to \$0.14 per share at the end of the second quarter.

MDS is midway in the integration of the operations of the newly formed subsidiary, Cornwall Enterprises Limited and additional benefits in sales and internal operations have been realized. On completion, it is expected that further synergies will be achieved. The key objective is the alignment of long-term business strategies to focus on deeper market penetration and strengthening valued relationships.

We thank all stakeholders for their continued support.

Stay safe.



**Kurt Boothe**  
**CHIEF EXECUTIVE OFFICER**




## Medical Disposables & Supplies Limited

Unaudited Consolidated Statement of Financial Position  
As At September 30, 2022

	Unaudited Six Months To September 2022	Unaudited Six Months To September 2021	Audited Twelve Months to March 2022
	\$	\$	\$
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	795,575,119	800,545,512	784,345,334
Right of use asset	5,411,897	78,007	6,140,411
Intangible assets	35,733,202	33,104,023	36,541,572
	<u>836,720,219</u>	<u>833,727,541</u>	<u>827,027,317</u>
<b>Current Assets</b>			
Inventories	1,348,472,952	943,850,889	1,136,293,546
Trade and Other Receivables	589,253,928	727,334,737	533,271,081
Prepayments	22,802,558	17,501,415	10,743,890
Due from related party	23,800,688		23,800,688
Tax Recoverable	745,719	2,361,847	737,554
Cash and Bank Balances	92,348,922	94,923,208	145,701,094
	<u>2,077,424,767</u>	<u>1,785,972,097</u>	<u>1,850,547,853</u>
<b>Total Assets</b>	<b><u>2,914,144,985</u></b>	<b><u>2,619,699,638</u></b>	<b><u>2,677,575,170</u></b>
<b>Equity</b>			
<b>Capital and Reserve</b>			
Share Capital	107,835,764	107,835,764	107,835,764
Revaluation Reserve	108,518,073	108,518,074	108,518,073
Retained Profits	786,782,699	706,911,803	756,945,547
Non-Controlling interest	136,870,155	122,391,000	130,858,434
<b>Total Equity</b>	<u>1,140,006,691</u>	<u>1,045,656,641</u>	<u>1,104,157,818</u>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Interest-bearing Borrowings	472,032,069	283,944,998	243,488,782
Due on Business Acquisition	31,098,000	31,098,000	31,098,000
Deferred liability	42,403,678	21,710,391	42,403,680
	<u>545,533,747</u>	<u>336,753,389</u>	<u>316,990,462</u>
<b>Current Liabilities</b>			
Trade and Other Payables	645,818,474	741,119,140	505,777,308
Income tax payable	27,984,561	10,352,878	20,000,568
Short Term Borrowings	370,000,000	450,000,000	571,439,927
Bank Overdraft	184,801,511	35,817,590	159,209,087
	<u>1,228,604,546</u>	<u>1,237,289,608</u>	<u>1,256,426,890</u>
<b>Total Liabilities</b>	<u>1,774,138,294</u>	<u>1,574,042,997</u>	<u>1,573,417,352</u>
<b>Total Equity and Liabilities</b>	<b><u>2,914,144,985</u></b>	<b><u>2,619,699,638</u></b>	<b><u>2,677,575,170</u></b>

Approved for issue by the Board of Directors on November 8, 2022 and signed on its behalf by:

  
KURT BOOTHE  
CHIEF EXECUTIVE OFFICER and DIRECTOR

  
WINSTON BOOTHE  
CHAIRMAN

**Medical Disposables & Supplies Limited**  
**Unaudited Consolidated Statement of Comprehensive Income**  
**For the Period Ended September 30, 2022**

	Three Months To September 2022	Three Months To September 2021	Six Months To September 2022	Six Months To September 2021
	\$	\$	\$	\$
<b>Revenue</b>	930,243,601	936,483,625	1,822,674,938	1,619,065,601
Cost of sales	(679,314,790)	(702,482,019)	(1,342,300,056)	(1,208,576,673)
<b>Gross profit</b>	<b>250,928,811</b>	<b>234,001,606</b>	<b>480,374,882</b>	<b>410,488,928</b>
Other income	2,495,095	3,402,942	5,056,629	4,748,442
Administrative expenses	(112,244,513)	(112,342,087)	(215,743,954)	(174,949,670)
Selling and promotional costs	(82,695,928)	(58,739,318)	(157,951,059)	(117,376,703)
Other operating expenses	-	(2,134,066)	-	(2,134,066)
Depreciation	(9,269,362)	(13,235,209)	(17,727,158)	(20,348,097)
<b>Total Operational Expenses</b>	<b>(201,714,707)</b>	<b>(183,047,739)</b>	<b>(386,365,542)</b>	<b>(310,060,095)</b>
<b>Profit after Operational Expenses</b>	<b>49,214,104</b>	<b>50,953,866</b>	<b>94,009,339</b>	<b>100,428,832</b>
Finance income	1,152,035	4,635,790	2,060,194	5,106,812
Finance cost	(28,506,239)	(28,311,344)	(52,623,787)	(45,466,410)
Gain on disposal of property, plant & equipment	-	-	(171,046)	-
Gain / (loss) on foreign exchange	2,130,499	(1,746,081)	558,164	(5,413,925)
<b>Total Non Operational Expenses</b>	<b>(25,223,704)</b>	<b>(25,421,635)</b>	<b>(50,176,475)</b>	<b>(45,773,522)</b>
<b>Profit Before Tax</b>	<b>23,990,399</b>	<b>25,532,231</b>	<b>43,832,864</b>	<b>54,655,310</b>
Tax expense	(4,686,322)	(4,083,348)	(7,983,992)	(7,723,732)
<b>PROFIT FOR THE PERIOD / YEAR</b>	<b>19,304,077</b>	<b>21,448,884</b>	<b>35,848,872</b>	<b>46,931,578</b>
<b>EARNINGS PER SHARE</b>	<b>0.07</b>	<b>0.08</b>	<b>0.14</b>	<b>0.18</b>

## Medical Disposables & Supplies Limited

Unaudited Consolidated Statement of Changes In Equity

For the Period Ended September 30, 2022

	Share Capital \$	Revaluation Reserve \$	Retained Profit \$	Non-Controlling Interest \$	Total \$
Balance at April 1, 2021	107,835,764	108,518,074	678,401,277	122,391,000	1,017,146,115
Dividend paid	-	-	(18,421,053)		(18,421,053)
Total comprehensive income for the period	-		46,931,579		46,931,579
<b>BALANCE AT September 30, 2021</b>	<b>107,835,764</b>	<b>108,518,074</b>	<b>706,911,803</b>	<b>122,391,000</b>	<b>1,045,656,641</b>
Balance at April 1, 2022	107,835,764	108,518,073	756,945,547	130,858,434	1,104,157,818
Total comprehensive income for the period	-	-	29,837,152	6,011,721	35,848,873
<b>BALANCE AT September 30, 2022</b>	<b>107,835,764</b>	<b>108,518,073</b>	<b>786,782,699</b>	<b>136,870,155</b>	<b>1,140,006,691</b>

## Medical Disposables & Supplies Limited

Unaudited Consolidated Statement of Cash Flows  
For the Six Months Ended September 30, 2022

	September 2022 \$	September 2021 \$
<b>Cash flows from operating activities:</b>		
Profit before tax	43,832,864	54,655,310
Adjustments for:		
Depreciation	17,727,158	20,348,097
Interest expenses	52,623,787	45,466,410
Interest income	(24,819)	(44,903)
Loss on of property, plant & equipment	171,046	-
	<u>114,330,036</u>	<u>120,424,915</u>
Increase in inventories	(212,179,406)	(90,048,387)
Increase in trade and other receivables	(61,751,666)	(224,504,359)
Increase in trade and other payables	<u>140,041,166</u>	<u>130,289,632</u>
<b>Cash used in operations</b>	<b>(19,559,870)</b>	<b>(63,838,200)</b>
Income tax paid	(8,164)	(9,298,479)
Interest paid	<u>(52,623,787)</u>	<u>(45,466,410)</u>
<b>Net cash used in operating activities</b>	<b>(72,191,821)</b>	<b>(118,603,090)</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant & equipment	(27,420,059)	(193,046)
Proceeds from sales of property, plant & equipment	(171,046)	-
Interest received (net of withholding tax)	24,819	44,903
<b>Net cash used in investing activities</b>	<b>(27,566,286)</b>	<b>(148,143)</b>
<b>Cash flows from financing activities:</b>		
Dividend payments	-	(18,421,053)
Proceeds from borrowings	338,500,000	486,862,212
Repayment of borrowings	(317,267,154)	(262,112,256)
Lease repayment (net)	(419,336)	(120,396)
<b>Net cash provided by financing activities</b>	<b>20,813,510</b>	<b>206,208,507</b>
Net Increase/ (Decrease) in cash & cash equivalents	(78,944,597)	87,457,274
Cash and cash equivalent at beginning of period	<u>(13,507,993)</u>	<u>(28,351,657)</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>(92,452,590)</b>	<b>59,105,617</b>



# Medical Disposables & Supplies Limited

Notes to the Unaudited Consolidated Financial Statements  
Six Months Ended September 30, 2022

## 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, 2022, 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, 2022, 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, 2022.

#### 4. Share capital

	2022	2021
	\$	\$
Authorised: 408,000,000 ordinary shares (2018 - 408,000,000)		
Stated capital		
Issued and fully paid: 263,157,895 ordinary shares	<b>107,835,764</b>	<b>107,835,764</b>
<b>Balance at end of the period</b>	<b>107,835,764</b>	<b>107,835,764</b>

#### 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. The waiver will expire on December 23, 2023 at which time the Company will be liable for Corporate taxes at 25%.

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	8,911,550	3.39%
Mayberry Managed Clients A/Cs	5,666,941	2.15%
Apex Pharmacy	3,496,926	1.33%
Nigel Coke	2,405,491	0.91%
VM Wealth Equity Fund	2,344,948	0.89%
QWI Investments limited	2,000,000	0.76%
JMMB Securities Ltd. (House Account)	1,743,923	0.66%
Lawrence and Associates	1,284,222	0.49%

## 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