



MEDICAL DISPOSABLES
& SUPPLIES LIMITED

— Taking Care...

MEDICAL DISPOSABLES & SUPPLIES LIMITED

Unaudited Consolidated Financial
Statements For The Third Quarter
Ended December 31, 2023



RELEASE TO SHAREHOLDERS

For the Third Quarter Ended December 31, 2023

The Board of Directors of Medical Disposables and Supplies Limited (MDS) has released the following unaudited consolidated financial results for the third quarter, ended December 31, 2023.

FINANCIAL HIGHLIGHTS

	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Nine Months Ended December 31, 2023	Nine Months Ended December 31, 2022	Audited Year Ended March 31, 2023
Revenue	900,467,304	940,542,211	2,692,925,145	2,763,217,150	3,769,710,645
Gross profit	212,340,677	272,855,424	666,833,400	753,230,306	1,013,721,897
Total operational expenses	213,108,444	198,685,217	628,794,692	585,050,759	818,001,975
Total non-operational expenses	49,396,010	35,822,100	126,772,111	85,998,577	99,001,034
Profit before tax	(50,163,777)	38,348,107	(88,733,404)	82,180,971	96,718,887
Profit after tax	(50,163,777)	31,956,812	(88,551,662)	67,805,685	80,198,440
Earnings per share (EPS)	(0.19)	0.12	(0.34)	0.26	0.30
Total assets	2,972,398,254	2,914,144,985	2,972,398,254	2,914,144,985	3,034,420,470
Shareholders' equity	1,111,588,835	1,179,475,142	1,111,588,835	1,179,475,142	1,200,140,497

RESULTS FOR THE THREE MONTHS ENDED December 31, 2023

MDS returned total sales of \$900.47M for the quarter ended 31 December 2023, which represents a reduction of 4.3% or \$40.07M when compared with the corresponding 2022 period but a 3.9% or J\$33.52M improvement on Q2. The downturn in sales is attributable to the pharmaceutical and consumer divisions as well as our subsidiary Cornwall Enterprises Ltd. The results for the pharmaceutical and consumer divisions continue to be affected by the discontinuation of some products that were in the portfolio last year. Cornwall Enterprises did not win as many government contracts as it did last year. The decline in sales in these business units was offset by a 28% increase in sales in the medical division. The growth in the medical division is buoyed by the introduction of new products, normalization of the supply chain for existing products and a strategic shift regarding which customers are engaged and the way in which they are engaged. The recruitment and deployment of appropriate talent also helped with the achievement of excellent results in the medical division.

The Company continues its drive to improve revenues in all divisions over the next few months through greater market penetration and new business.

Gross Profit Margin declined by \$60.51M when compared to 2022. Gross Profit Margin was impacted by the drive to reduce stock levels with some items being sold at discounted rates. Gross margins are also impacted as the Company competes fiercely to protect its market position.

Total operating expenses increased by \$14.42M year-on-year due to sharp increases in administrative costs such as security and insurance. These increases are due to the reclassification of security guards and significant increases in market rates for insurance. Additionally, there was an uptick in personnel costs for the consumer and medical divisions as talent was recruited to better position the Company to improve distribution and to take advantage of the various opportunities in the market. The Company continues to monitor expenses and has begun the implementation of cost reduction strategies in Q4.

Non-operational expenses increased by \$13.57M due to the additional finance costs associated with increased borrowings that were undertaken to bolster working capital to increase inventory levels to mitigate stockouts and other supply chain challenges during the COVID-19 and the immediate post COVID-19 periods. The company is moving to accelerate the reduction of total borrowings and the attendant finance costs in keeping with our debt reduction strategy.

RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2023

Sales revenues for the nine (9) months to December 2023, fell by \$70.29M or 2.54% due to a reduction in year-on-year results in all divisions except the medical division which increased by 26% or \$70.05M.

Gross profit of \$753.23M is \$86.4M or 11.47% less than that of the prior year because of lower sales and deeper discounts related to the stock reduction efforts.

Total operational expenses increased by 7.48% or \$43.74M. This was due to the need for increased manpower resources for the consumer and medical divisions commensurate with distribution growth, and increases related to insurance, security and warehousing.

Non-operational expenses increased by 47.41% or \$40.77M and are comprised primarily of increased finance costs. It is expected that as the Company reduces its inventory levels, it will also reduce its need for short-term working capital financing.

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2023

Total assets of the Group stand at \$2.97B, having grown by \$58.25M or 2.0% year on year, as at December 31, 2023. When compared to the year ended 31 March 2023, total assets declined by \$62M or 2.04%. There was a corresponding \$285M or 38% decline in Trade Payables since the year ended 31 March 2023. This contributed greatly to the reduced cash position and the need for working capital financing.

Management is aggressively taking steps to increase sales revenue through several strategies and to identify additional distribution opportunities to generate more cash for the business and eliminate the need for working capital financing.

Shareholders' equity decreased by \$67.89M or 5.76% to \$1,111.58M as at December 31, 2023. Non-controlling interest accounted for \$136.05M. Earnings per share fell from \$0.12 as at 31 December 2022 to (\$0.19) at the end of the current quarter.

We are grateful to our stakeholders for their continued support during the current period. The Group is committed to implementing strategies that will restore sustained profitability as we navigate these challenging times.



Kurt Boothe
CHIEF EXECUTIVE OFFICER



Medical Disposables & Supplies Limited
Unaudited Consolidated Statement of Financial Position
As at December 31, 2023

	Unaudited Nine Months to December 2023 \$	Unaudited Nine Months to December 2022 \$	Audited Twelve Months to March 2023
ASSETS			
Non- Current Assets			
Property, Plant and Equipment	760,049,832	795,575,119	782,591,603
Right of Use Asset	3,540,602	5,411,897	4,663,379
Intangible Assets	40,530,144	35,733,202	31,758,157
	804,120,579	836,720,218	819,013,139
Current assets			
Inventories	1,270,912,405	1,348,472,952	1,491,110,412
Trade & Other Receivables	705,085,731	589,253,928	527,635,566
Prepayments	27,574,140	22,802,558	13,302,713
Due from related party	51,849,081	23,800,688	41,090,831
Tax recoverable	778,462	745,719	754,219
Cash and bank balances	112,077,858	92,348,922	141,513,590
	2,168,277,676	2,077,424,767	2,215,407,331
Total Assets	2,972,398,254	2,914,144,985	3,034,420,470
Equity			
Capital and reserve			
Share capital	107,835,764	107,835,764	107,835,764
Revaluation reserve	108,518,074	108,518,074	108,518,073
Retained profits	759,181,635	826,251,149	844,864,942
Non-controlling interest - 40%	136,053,362	136,870,155	138,921,718
Total equity	1,111,588,835	1,179,475,142	1,200,140,497
LIABILITIES			
Non-current liabilities			
Due on business acquisition	21,098,000	31,098,000	21,098,000
Interest-bearing borrowings	611,107,230	466,395,825	416,322,573
Lease liability	3,966,814	5,636,244	4,940,187
Deferred liability	44,886,064	42,403,678	44,886,066
	681,058,109	545,533,747	487,246,826
Current Liabilities			
Trade and other payables	494,230,043	606,350,024	748,731,914
Income tax payable	16,102,068	27,984,561	23,096,547
Short-term borrowings	450,000,000	370,000,000	380,000,000
Bank overdraft	219,419,199	184,801,511	195,204,686
	1,179,751,311	1,189,136,096	1,347,033,147
Total Liabilities	1,860,809,419	1,734,669,843	1,834,279,973
Total Equity and Liabilities	2,972,398,254	2,914,144,985	3,034,420,470

Approved for issue by the Board of Directors on February 6, 2024, and signed on its behalf by:



KURT BOOTHE
CEO and DIRECTOR



WINSTON BOOTHE
CHAIRMAN

MEDICAL DISPOSABLES & SUPPLIES LIMITED
Unaudited Consolidated Statement of Comprehensive Income
For the Period Ended December 31, 2023

	Unaudited Three Months to December 2023	Unaudited Three Months to December 2022	Unaudited Nine Months to December 2023	Unaudited Nine Months to December 2022	Audited Twelve Months to March 2023
	\$	\$	\$	\$	
Revenue	900,467,304	940,542,211	2,692,925,145	2,763,217,150	3,769,710,645
Cost of sales	(688,126,627)	(667,686,787)	(2,026,091,746)	(2,009,986,844)	(2,755,988,748)
Gross profit	212,340,677	272,855,424	666,833,400	753,230,306	1,013,721,897
	23.58%	29.01%	24.76%	27.26%	
Other income	3,040,132	2,499,583	8,498,607	7,556,212	10,096,785
Administrative expenses	(118,993,606)	(114,307,826)	(353,677,539)	(330,051,780)	(456,386,711)
Selling and promotional costs	(86,400,460)	(77,597,328)	(252,031,123)	(235,548,387)	(327,111,806)
Impairment of Financial Assets	0	0	0	0	(3,657,179)
Depreciation	(10,754,511)	(9,279,646)	(31,584,638)	(27,006,804)	(40,943,064)
Total operating expenses	(213,108,444)	(198,685,217)	(628,794,692)	(585,050,759)	(818,001,975)
Profit after operational expenses	(767,767)	74,170,207	38,038,708	168,179,547	195,719,921
Finance income	4,355	192,826	101,312	2,253,020	2,473,980
Finance costs	(51,417,671)	(31,511,287)	(125,121,817)	(84,135,075)	(104,173,425)
Gain/(Loss) on disposal of property, plant and equipment	0	0	0	(171,046)	(171,046)
Gain/(Loss) on foreign exchange	2,017,306	(4,503,639)	(1,751,607)	(3,945,476)	2,869,457.00
Total non-operational expenses	(49,396,010)	(35,822,100)	(126,772,111)	(85,998,577)	(99,001,034)
Profit/(Loss) before tax	(50,163,777)	38,348,107	(88,733,404)	82,180,971	96,718,887
Tax expense	0	(6,391,295)	181,742	(14,375,286)	(16,520,447)
PROFIT FOR THE PERIOD / YEAR	(50,163,777)	31,956,812	(88,551,662)	67,805,685	80,198,440
Net Profit for the year attributable to:					
Owners of Medical Disposables & Supplies Limited	(48,468,206)	28,122,136	(85,683,307)	57,959,288	72,135,156
Non-Controlling Interest	(1,695,572)	3,834,675	(2,868,356)	9,846,396	8,063,284
	(50,163,777)	31,956,811	(88,551,663)	67,805,684	80,198,440
EARNINGS PER SHARE	(0.19)	0.12	(0.34)	0.26	0.30

Medical Disposable & Supplies Limited
Unaudited Consolidated Statement of Changes in Equity
For the Period Ended December 31, 2023

	Share Capital	Revaluation	Retained Profit	Non- Controlling	Total
	\$	\$	\$	Interest	\$
				\$	
Balance at April 1, 2022	107,835,764	108,518,073	796,413,997	130,858,434	1,143,626,268
Net profit for the period			57,959,288	9,846,396	67,805,684
BALANCE AT December 31, 2022	107,835,764	108,518,073	854,373,285	140,704,830	1,211,431,952
Balance at April 1, 2023	107,835,764	108,518,073	844,864,942	138,921,718	1,200,140,497
Net profit for the period			(85,683,307)	(2,868,356)	(88,551,663)
BALANCE AT December 31, 2023	107,835,764	108,518,073	759,181,635	136,053,362	1,111,588,834

Medical Disposables & Supplies Limited
Unaudited Consolidated Statement of Cash Flows
For the Nine Months Ended December 31, 2023

	Unaudited December 2023 \$	Audited March 2023 \$
Profit/(Loss) before tax	(88,733,404)	96,718,887
Adjustments for:		
Depreciation	31,584,638	40,943,064
Interest expenses	125,121,817	104,173,425
Interest income	(101,312)	(2,473,980)
Loss on disposal of property, plant and equipment	0	171,046
	67,871,739	239,532,442
Decrease in inventories	220,198,007	(354,816,866)
Increase in trade and other receivables	(177,450,165)	5,635,515
Increase in prepayments	(14,271,427)	(2,558,823)
Decrease in trade and other payables	(254,501,871)	288,712,904
Increase in due from related party	(10,758,250)	(17,290,143)
Cash used in operations	(168,911,967)	159,215,029
Income tax paid	(6,813,946)	(10,942,082)
Interest paid	(125,121,817)	(104,190,088)
Net cash used in operating activities	(300,847,730)	44,082,859
Cash flows from investing activities:		
Purchase of property, plant and equipment	(16,692,077)	(33,099,932)
Interest received (net of withholding tax)	101,312	2,473,980
Net cash used in investing activities	(16,590,765)	(30,625,952)
Cash flows from financing activities:		
Dividend payments	0	(23,684,211)
Proceeds from borrowings (net of repayments)	264,761,623	(18,606,137)
Lease repayment (net)	(973,373)	(1,349,662)
Paid on business acquisition	0	(10,000,000)
Net cash provided by financing activities:	263,788,250	(53,640,010)
Net decrease in cash and cash equivalents	(53,650,245)	(40,183,103)
Cash and cash equivalents at beginning of year	(53,691,096)	(13,507,993)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	(107,341,341)	(53,691,096)

Medical Disposables & Supplies Limited

Notes to the Unaudited Consolidated Financial Statements
Nine Months Ended December 31, 2023

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 nine months ended December 31, 2023, 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, 2023, 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, 2023.

4. Share Capital

	2023	2022
	\$	\$
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>

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 in its tenth year since being listed on the Junior Market of the Jamaica Stock Exchange and was subjected to fifty percent (50%) tax remission up to December 24, 2023.

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	10,637,753	4.04%
Mayberry Managed Clients A/Cs	5,501,134	2.09%
JMMB Securities Ltd. House Account #2	4,004,738	1.52%
Nigel Coke	2,509,365	0.95%
Christopher Berry	2,098,156	0.80%
QWI Investments	2,000,000	0.76%

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
Haile Hinds-Bedward	Nil	Nil	Nil