



RELEASE TO SHAREHOLDERS

For the Six Months Ended September 30, 2019

The Board of Directors of Medical Disposables and Supplies Limited (MDS) is pleased to present to our shareholders, our second quarter unaudited financial results for the financial period ended September 30, 2019.

FINANCIAL HIGHLIGHTS

	Three Months Ended Sept 30, 2019	Three Months Ended Sept 30, 2018	Six Months Ended Sept 30, 2019	Six Months Ended Sept 30, 2018	Audited Year Ended March 31, 2019
Sales revenue	\$565.0M	\$500.9M	\$1.122B	\$1.0B	\$2.22B
Gross profit	\$133.1m	\$124.6m	\$274.3m	\$241.5m	\$548.5m
Gross profit margin	23.5%	24.9%	24.4%	23.2%	25.0%
Operational expenses to sales revenue ratio	18.6%	16.7%	18.5%	16.2%	16.3%
Non-operational expenses to sales revenue ratio	3.6%	3.5%	3.61%	3.6%	2.8%
Net profit after taxation	\$6.5m	\$15.7m	\$22.6m	\$34.8m	\$112.762m
Earnings per share (EPS)	2 cents	6 cents	9 cents	13 cents	43 cents
Market share price			\$7.00	\$5.50	\$7.60

RESULTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019

For the quarter ended September 30, 2019, sales revenue amounted to \$565M, an increase of \$64M or 16.8% over the corresponding period in the previous financial year.

This positive performance arose mainly from growth in sales in the pharmaceutical and medical segments with the new product lines showing encouraging results to the consumer segment.

As part of its growth strategy, the Company continues to focus on expanding its product range, primarily in the Consumer and Medical Divisions. This initiative has been accompanied by increases in the staff compliment and increased selling and distribution costs which are required to support the growth in business activity.

Consequently, operational expenses increased from \$83.6M to \$104.9M or 25.5%, representing 18.1% of sales in the current financial period compared to 16.7% in the previous year.

Total non-operational expenses decreased by \$5.0M or 19.8% arising mainly from a 33.9% reduction in foreign exchange losses, which resulted from better management of the effects of the devaluing Jamaican dollar during the quarter.

It should be noted however, that foreign exchange losses during the period amounted to \$10.5M. At the same time, finance costs of \$10.9M was reduced to 1.9% of total revenue, from 3.2%.

The Company completed its fifth year of trading on the Junior Market of the Jamaica Stock Exchange in December 2018, and therefore is now subject to corporate taxation at the rate of 50%. Provision for corporate taxation of \$1.25M has therefore been included in the financial statements.

Profit after taxation amounted to \$6.5M for the quarter ended September 30, 2019, compared to \$15.7M in the corresponding quarter of the previous year.

RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2019

Year-to-date sales revenue for the six months ending September 30, 2019 was \$1.12B an increase of \$80m or 8% over the previous year.

Of this increase, the pharmaceutical and medical divisions accounted for 11% and 7% respectively. At the same time, the Consumer division recorded a reduction of 8% over the previous year.

Gross profit amounted to \$274.3M compared to \$241.5M in the previous year, an increase of \$32.7M or 14%. This increase was due to price increases as well as growth in sales in the pharmaceutical and medical divisions.

Total operational expenses increased from \$169.2M to \$207.4M, an increase of \$38.2M or 22.6% over the previous year.

Total non-operational expenses of \$40.4M increased by \$3M or 8%. This increase resulted mainly from an increase in financing costs associated with the growth in business activity.

Profit after tax for the period decreased from \$34.8M in 2018 to \$22.6M in 2019.

Total assets grew by \$89.3M or 5.8% from \$1.54B to \$1.63B, due to increases in Trade and Other Receivables at the end of the six-month period.

Total Liabilities increased by \$16.9M or 2% to \$875.5M, up from \$858.6M year over year. This was due to an increase in short term bank overdraft which was used to support the Company's expansion strategy.

Shareholders' equity increased by \$72.4m or 11.3% from \$680.5m to \$752.9m.

As the company is poised to maximise increase in shareholder value from opportunities in the market; we will continue to value our customers, shareholders and MDS family for their confidence and continued support over the years.

DIVIDEND PAYMENTS

The Board of Directors, at its meeting held on July 30, 2019, declared a final dividend of \$0.11 per ordinary stock unit based on the Company's Audited Financial Statements for the year ended March 31, 2019. The dividend was paid on September 9, 2019 to stockholders on record as at August 26, 2019.



Kurt Boothe
GENERAL MANAGER

October 31, 2019

Medical Disposables & Supplies Limited

Unaudited Statement of Comprehensive Income

For the Period Ended September 30, 2019

	Three Months To September 2019	Three Months To September 2018	Six Months To September 2019	Six Months To September 2018	Audited March 2019
	\$	\$	\$	\$	\$
Revenue	565,044,082	500,851,797	1,122,276,975	1,041,963,414	2,221,895,285
Cost of sales	(431,930,305)	(376,265,993)	(847,985,138)	(800,440,069)	(1,673,385,401)
Gross profit	133,113,777	124,585,804	274,291,836	241,523,345	548,509,884
Other income	1,463,328	1,315,536	2,871,412	2,679,252	5,458,992
Administrative expenses	(58,224,598)	(47,856,932)	(109,379,591)	(96,756,534)	(194,817,586)
Selling and promotional costs	(40,777,805)	(32,537,771)	(86,944,823)	(64,785,163)	(145,095,528)
Other operating expenses	(212,871)	1,563,455	393,837	1,848,286	(2,052,419)
Depreciation	(7,241,647)	(6,114,026)	(14,384,181)	(12,228,053)	(25,380,120)
Total Operational Expenses	(104,993,593)	(83,629,738)	(207,443,346)	(169,242,212)	(361,886,661)
Profit after Operational Expenses	28,120,184	40,956,066	66,848,490	72,281,132	186,623,223
Finance income	12,946	3,206	20,006	8,355	20,993
Finance cost	(10,968,263)	(9,335,414)	(21,735,150)	(17,372,225)	(41,547,833)
Gain on disposal of property, plant & equipment	1,150,833	-	1,150,833	-	1,505,500
Loss on foreign exchange	(10,513,867)	(15,917,758)	(19,912,104)	(20,113,283)	(23,255,775)
Total Non Operational Expenses	(20,318,351)	(25,249,966)	(40,476,415)	(37,477,152)	(63,277,115)
Profit Before Tax	7,801,833	15,706,100	26,372,075	34,803,980	123,346,108
Taxation	(1,252,920)	(30,000)	(3,736,402)	(30,000)	(10,583,848)
PROFIT after Tax	6,548,913	15,676,100	22,635,673	34,773,980	112,762,260
EARNINGS PER SHARE	0.02	0.06	0.09	0.13	0.43

Medical Disposables & Supplies Limited

Unaudited Statement of Financial Position

As At September 30, 2019

	6 Months To 30-Sept-19 \$	6 Months To 30-Sept-18 \$	Audited 31-Mar-19
Assets			
Non-Current Assets			
Property, Plant and Equipment	547,796,386	547,527,932	559,516,063
Current Assets			
Inventories	601,938,040	565,034,802	647,955,332
Trade Receivables	324,531,574	297,010,123	327,805,233
Other Receivables & Prepayments	125,287,033	92,670,319	73,022,362
Tax Recoverable	2,338,292	2,334,800	2,337,129
Cash and Bank Balances	26,598,879	34,566,458	38,279,922
	<u>1,080,693,818</u>	<u>991,616,501</u>	<u>1,089,399,978</u>
Total Assets	<u>1,628,490,204</u>	<u>1,539,144,434</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	596,866,493	524,500,625	603,178,187
Total Equity	<u>752,900,447</u>	<u>680,534,579</u>	<u>759,212,142</u>
Liabilities			
Non-Current Liabilities			
Interest-bearing Borrowings	160,719,517	221,433,505	126,583,691
Deferred tax liability	6,836,034	-	6,836,034
	<u>167,555,551</u>	<u>221,433,505</u>	<u>133,419,725</u>
Current Liabilities			
Trade Payables	258,867,531	314,884,433	387,190,883
Other Payables	72,463,084	59,238,347	67,510,372
Income tax payable	7,454,216	0.00	3,717,814
Short Term Borrowings	180,000,000	185,000,000	297,660,495
Bank Overdraft	189,249,375	78,053,570	204,610
	<u>708,034,206</u>	<u>637,176,350</u>	<u>756,284,174</u>
Total Liabilities	<u>875,589,757</u>	<u>858,609,856</u>	<u>889,703,899</u>
Total Equity and Liabilities	<u>1,628,490,204</u>	<u>1,539,144,434</u>	<u>1,648,916,041</u>

Approved for issue by the Board of Directors on October 31, 2019 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 September 30, 2019

	Share Capital	Revaluation Reserve	Retained Profit	Total
	\$	\$	\$	\$
Balance at April 1, 2018	107,835,764	48,198,190	517,095,066	673,129,020
Dividend paid	-	-	(27,368,421)	(27,368,421)
Total comprehensive income for the period	-	-	34,773,980	34,773,980
BALANCE AT SEPTEMBER 30, 2018	107,835,764	48,198,190	524,500,625	680,534,579
Balance at April 1, 2019	107,835,764	48,198,190	603,178,188	759,212,142
Dividend paid	-	-	(28,947,368)	(28,947,368)
Total comprehensive income for the period	-	-	22,635,673	22,635,673
BALANCE AT SEPTEMBER 30, 2019	107,835,764	48,198,190	596,866,493	752,900,447

Medical Disposables & Supplies Limited

Unaudited Statement of Cash Flows
For The Six Months Ended September 2019

	September 2019	September 2018
	\$	\$
Cash flows from operating activities:		
Profit before tax	26,372,075	34,803,980
Adjustments for:		
Depreciation	14,384,181	12,228,053
Interest expenses	21,735,150	17,372,225
Interest income	(20,006)	(8,355)
	<u>62,471,400</u>	<u>64,395,903</u>
Decrease in inventories	46,017,292	(21,252,681)
Increase in trade and other receivables	20,753,815	(3,660,538)
Decrease in trade and other payables	<u>(193,115,467)</u>	<u>(90,537,010)</u>
Cash used in operations	(63,872,960)	(51,054,326)
Income tax paid	(1,164)	(30,080)
Interest paid	<u>(21,735,150)</u>	<u>(17,372,225)</u>
Net cash (used in) / provided by operating activities	(85,609,274)	(68,456,631)
Cash flows from investing activities:		
Purchase of property, plant & equipment	(2,664,505)	(46,860,940)
Interest received	20,006	8,355
Net cash used in investing activities	(2,644,500)	(46,852,585)
Cash flows from financing activities:		
Dividend payments	(28,947,368)	(27,368,421)
Proceeds from borrowings	68,750,000	215,846,138
Repayment of borrowings	<u>(152,274,669)</u>	<u>(145,922,905)</u>
Net cash used in financing activities	(112,472,037)	42,554,812
Net decrease in cash & cash equivalents	(200,725,811)	(72,754,404)
Cash and cash equivalent at beginning of period	<u>38,075,315</u>	<u>29,267,292</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	(162,650,496)	(43,487,112)
	September 2019	September 2018
	\$	\$
Cash and Bank balances	26,598,879	34,566,458
Bank Overdraft	<u>(189,249,375)</u>	<u>(78,053,570)</u>
	(162,650,496)	(43,487,112)

Medical Disposables & Supplies Limited

Notes to the Unaudited Financial Statements

Six Months Ended September 30, 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 Six Months Ended September 30, 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	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

Six Months Ended September 30, 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	19.42%
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	13,957,628	5.30%
Mayberry Managed Clients A/Cs	7,763,139	2.95%
Apex Pharmacy	3,496,926	1.33%
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
Janice Pitter	91,000	82,000	9,000
Lenworth Murray	63,000	63,000	Nil
Gerard Whyte	54,000	54,000	Nil