MDS

MEDICAL DISPOSABLES & SUPPLIES LIMITED

2017 ANNUAL REPORT

THINK INSIDE the BOX

“ If you get the inside right, the outside will fall into place. ”

- Eckhart Tolle

DAILY INSPIRATION!

The word count in our Vision, Mission and Brand Values may be few, but they hold just the right dose of potency to provide us with the daily inspiration, constant realignment and clarity of purpose we need to effectively deliver our goals.

VISION

To be the most customer-centric and profitable distributor in the Caribbean region.

MISSION

BEAT THE BEST!

BRAND VALUES

- Fulfilled Employees
- Premium Service
- Quality Assurance
- Delighted Customers
- Social Responsibility

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"GREAT BRANDS
START ON THE INSIDE."
-Anonymous

THINKING INSIDE THE BOX

If the best organisations in the world were carefully studied, the findings would likely suggest that they are driven by an irrefutable sense of purpose - they know why they do what they do, they can articulate the reason for their existence and they can explain the logic behind the processes and procedures that guide performance. Without the ability to identify or explain these fundamental precepts, an organisation will find it difficult to intelligently advance or implement improvements. In the absence of a central belief and message, it will likely communicate in a mediocre way; it will serve its customers in an unexceptional manner; and, it will function at an inefficient level for its shareholders.

For these reasons (and more) MDS, a Company on a relentless pursuit of continuous improvement, decided to undertake our "Think Inside the Box" strategy for this year. We began to take a closer examination of ourselves to gain clearer insights into our current structure as compared to what was desired. Our 'Inside Out' approach allowed us to focus more intently on the Company's capabilities, its talent, its customer relationships, its distribution networks, its partnerships, its strengths (as well as its weaknesses) while simultaneously taking account of the resources at hand and devising ways to enhance our talent, leverage our assets and provide our services more effectively.

Society constantly touts the message of thinking 'outside the box'. This infamous spot is where all the magic is said to happen. This is where all the worthwhile opportunities exist. This is where creativity is said to manifest. But, true to our 'Business Unusual' style, we have gone against the grain and, instead, decided to take a tour of our core. We believe that, before you can focus on the outside, the inside must be nurtured, improved and loved. When the inside is operating beautifully, then it will be reflected seamlessly on the outside – naturally and effortlessly.

Some of the world's strongest brands have undoubtedly shown that greatness begins on the inside. Consider Usain Bolt, for instance. Taking such examples in stride, we too will embrace the source of greatness to ensure that MDS keeps running on a solid foundation with a heart-driven message that pushes us and all our stakeholders to realise 'better' experiences and 'better' results.

For over 17 years, MDS has contributed to the business of health in Jamaica. Today, it operates as one of the fastest growing and recognised entities in the sector. Through our island-wide distribution system, our central goal is to satisfy demand by ensuring that the shelves of health facilities, personal care providers and other retail outlets reflect the brands we represent. Our catalogue spans pharmaceuticals, vaccines, injectables, hospital supplies, medical disposable items, consumer products and beauty items. We seek to provide an unparalleled experience at every touch point and a superb offering that will better the lives of our partners, our work family, our shareholders and the communities we serve.

DIRECTORS //

CHAIRMAN
MR. WINSTON BOOTHE

EXECUTIVES
MRS. MYRTIS BOOTHE
MR. KURT BOOTHE - *COMPANY SECRETARY*
MISS NIKEISHA BOOTHE

NON-EXECUTIVES
DR. VINCENT LAWRENCE
MRS. SANDRA GLASGOW - *MENTOR*
DR. DAHLIA MCDANIEL-DICKSON

LIST OF SENIOR OFFICERS //

MRS. MYRTIS BOOTHE – MANAGING DIRECTOR
MR. KURT BOOTHE – GENERAL MANAGER
MISS NIKEISHA BOOTHE – SENIOR MARKETING EXECUTIVE
MS. JANICE PITTER – FINANCIAL CONTROLLER
MR. GERARD WHYTE – BUSINESS DEVELOPMENT & CLIENT RELATIONS MANAGER
MR. LENWORTH MURRAY – TRADE MANAGER
MRS. ANTOINETTE MCDONALD – SALES SUPERVISOR

ATTORNEYS-AT-LAW //

PATTERSON MAIR HAMILTON
63 – 67 KNUTSFORD BOULEVARD
KINGSTON 5, JAMAICA, W.I.

BANKERS //

BANK OF NOVA SCOTIA JAMAICA LTD
SCOTIA CENTRE BRANCH
CNR. DUKE & PORT ROYAL STREETS
KINGSTON, JAMAICA ,W.I.

NATIONAL COMMERCIAL BANK
90 - 94 SLIPE ROAD
KINGSTON 5, JAMAICA, W.I.

AUDITORS //

MAIR RUSSELL GRANT THORNTON
3 HAUGHTON AVENUE
KINGSTON 10, JAMAICA, W.I.

REGISTRAR & TRANSFER AGENT //

JAMAICA CENTRAL SECURITIES DEPOSITORY
40 HARBOUR STREET
KINGSTON, JAMAICA, W.I.

REGISTERED OFFICE //

MEDICAL DISPOSABLES & SUPPLIES LTD

83 HAGLEY PARK ROAD
KINGSTON 10, JAMAICA, W.I.

TELEPHONE: (876) 906-9994
FAX NUMBER: (876) 906-9996
EMAIL: INFO@MDSJA.COM

MDS
MEDICAL DISPOSABLES
& SUPPLIES LIMITED
Taking Care...

CHAIRMAN'S STATEMENT

Dear Shareholders,

The financial year ended March 31, 2017, was another year of growth and improved performance for Medical Disposables & Supplies Limited, as most of our financial and operational objectives were achieved, within the context of the challenging external economic environment which prevailed.

Despite these challenges however, the Company was able to achieve positive financial results, with strong growth in revenue and profits. During the period under review, revenue amounted to $1.71 billion compared to $1.33 billion in the previous year, an increase of 29%. This increase reflects additional revenue for a full year from a new distribution arrangement which commenced during the last quarter of the previous year. Gross profit recorded for 2017 was $410.73 million compared to $350.23 million in 2016 which represents an increase of $60.50 million or 17%. After taxation of $60,000, Net Profit increased by 5%, from $96.08 million in 2016 compared to $100.57 million in 2017.

In line with our business development strategy, we continue to explore opportunities for new business activities which will widen our product range, at enhanced margins. In this regard, we have been making significant progress as another contract has been signed with one of our main principals for the distribution of a line of products outside their pharmaceutical range. It is also expected that other initiatives which are currently being pursued will materialise during the new financial year.

Having completed the "build-out" and renovation of the operational facilities, the Company is now in a position to accommodate current and projected expansion in operations, with marginal additional financial outlay.

On behalf of the Board of Directors, I wish once again, to express our gratitude to our valued customers and shareholders for their loyalty and continued support, to our principals for the confidence displayed in us and to the MDS team for their consistent hard work and dedication during the year.

Finally, I wish to use this opportunity to thank the members of the Board of Directors for the leadership and guidance which they have provided and for their contribution to another successful year for the Company.

We remain optimistic about the year ahead despite the challenges we face, but we wish once again to recommit ourselves to maintaining a high standard of financial performance, to improving operational efficiency and to increase shareholder value.

WINSTON BOOTHE
CHAIRMAN

THE 'INSIDE' STORY (ABOUT MDS)

"Inside every problem, lies an opportunity."

Robert Kiyosaki

THE PLOT

Perusing each page and chapter in this adventure called MDS unveils running themes of boldness and blind faith. Our 'inside story' is one of countless anecdotes bound together by the overcoming of daunting challenges through engagement of three main parts of our 'organ'isation: our brain, sheer guts and pure heart. This trinity has spurred the creative use of limited resources to produce invaluable solutions. To make this solution-oriented intuition more evident, consider our early days, for instance, when we pioneered the breaking of bulk packages so that smaller retail entities could fully service their customers in a more manageable manner. Consider further, perhaps, our entry on the Jamaica Stock Exchange which, until now, has been an untraditional form of financing in our industry. Such remedies have been born out of intense explorations and analyses of all that resides on our insides. It is this novel 'Business Unusual' (and People Unusual) philosophy, that has furthered our advancement in the outside world.

The Company's sheer existence originates from one woman's personal inner drive to use life's struggles as motivation for creating a narrative of survival and success; one woman's ability to nullify all external stimuli that attempted to create discouragement and doubt; one woman's innermost belief and spirit - an essence that has been so highly contagious throughout our stages of transformation that each employee has managed to compound it into a company-wide atmosphere. This spirit continues to lead us through this journey, one which we intend to make worthy of many sequels.

THE EVENTS

1999

After an intensive nursing career, followed by an impressive career on the business side of the health care arena under the mentorship of Mr. Glen Christian (Cari-Med Ltd), Myrtis Boothe started her own Company: Medical Disposables and Supplies Ltd. (MDS)

AUG 2000

The Company rents a small section of a building on Westminister Road to house its inventory. Shortly after, the first Sales Representative was recruited.

EARLY 2001

Positive growth & expansion plans for a pharmaceutical range of products fuel the need for a new facility. The Company acquires a building in The Domes Business Complex.

MID 2001

The Company gains consumer sub-distributorships for other established companies, including Johnson & Johnson.

LATE 2001

MDS acquires a second adjoining unit in The Domes Business Complex.

2003	MDS begins island-wide distribution.
2009	As part of the effort to diversify the business, a pharmaceutical partner is sought for portfolio expansion. MDS is contracted to co-distribute the line of vaccines manufactured by GlaxoSmithKline (GSK), the sixth largest pharmaceutical company in the world.
2010	Dr. Reddy's Laboratories Ltd. (DRL), one of the largest custom pharmaceutical businesses with headquarters in India, appoints MDS as co-distributor of their pharmaceutical line in the Jamaican market.
2010	A third adjoining unit in The Domes Business Complex is acquired to accommodate growing inventory.
2011	GSK appoints MDS as co-distributor of their pharmaceutical line.
2012	With a growing representation in the industry as a David among Goliaths, MDS is more recognised in the eyes of suppliers. Supreme Chemicals Ltd. appoints MDS as a distributor of their Bunny's line of products.
2013	An additional unit in The Domes Business Complex is leased.
DEC 2013	MDS receives an early Christmas Gift - the successful listing of the Company on the Jamaica Stock Exchange Junior Market on Dec 24, 2013.
JAN 2014	Denk Pharma appoints the Company as co-distributor of their German manufactured off-patent pharmaceutical line of products.
MAR 2014	MDS closes its financial year with a 44-member strong team.
APR 2014	An additional unit in The Domes Business Complex is leased.
SEP 2014	Flagship Biotech International Ltd appoints MDS as distributor.
JAN 2015	MDS purchases a property located at 83 Hagley Park Road.
AUG 2015	Vida Labs appoints MDS as its distributor.
JAN 2016	MDS begins operations from its new home: 83 Hagley Park Road.
MAR 2017	GSK Consumer appoints MDS as co-distributor for its Consumer segment.

WHAT'S NEW AT MDS?

GLAXOSMITHKLINE (GSK) CONSUMER SEGMENT

In March 2017, MDS was appointed as co-distributors for the GSK Consumer line of products.

The genesis of our GSK partnership started with the GSK Vaccines portfolio. Two years later, the addition of the GSK Pharmaceutical division followed. And, with the recent advent of this GSK Consumer segment joining the family, it now provides greater completion in our offering of this well coveted brand.

Some of the more recognised products in this line include: Andrews Salts, Aquafresh, Panadol, Sensodyne and Voltaren, to name a few.

JAMAICA CHAMBER OF COMMERCE (JCC) NOMINATION: BEST OF CHAMBER NOMINATION FOR MEDIUM-SIZED ENTERPRISE

The Company was pleasantly surprised in May 2016 after hearing that the JCC had nominated the Company for their Best of Chamber Award in the Medium Enterprise category. Though the 34th Annual staging of this event didn't find us emerging as the winners, we were honoured to have been selected in this prestigious group and were immensely thankful for the experience. By virtue of the fact that we were nominated in this category, we acknowledge that the Company is no longer viewed as a 'Small' enterprise, but is visibly on its way to occupying the ranks of the more established entities in the industry.

NOTICE OF THE FOURTH ANNUAL GENERAL MEETING

Notice is hereby given that the Fourth Annual General Meeting of **Medical Disposables & Supplies Limited** (the 'Company') will be held on Tuesday, September 26, 2017 at 11:00 a.m. at the Courtleigh Hotel & Suites, 85 Knutsford Boulevard, Kingston 5, to consider, and if thought fit, pass the following resolutions:

1. **RECEIPT OF AUDITED ACCOUNTS**
To receive the Audited Accounts for the financial year of the Company ended March 31, 2017, together with the Reports of the Directors and Auditors thereon.

Ordinary Resolution No. 1
'THAT the Audited Accounts for the financial year of the Company ended March 31, 2017, together with the Reports of the Directors and Auditors thereon be and are hereby adopted.'

2. **RETIREMENT OF DIRECTORS BY ROTATION AND RE-APPOINTMENT**
That the following Directors of the Board who, being the longest serving have retired by rotation prior to the reading of the resolution in accordance with the Articles of Incorporation of the Company, and, being eligible, have consented to be re-appointed and to act on re-appointment:

Ordinary Resolution No. 2
'THAT Mr. Winston Boothe (Non-Executive Chairman) be and is hereby re-elected a Director of the Company for the ensuing year.'

Ordinary Resolution No. 3
'THAT Mrs. Myrtis Boothe (Managing Director) be and is hereby re-elected a Director of the Company for the ensuing year.'

3. **DIRECTORS' REMUNERATION**
To authorise the Board of Directors to fix the remuneration of Directors.

Ordinary Resolution No. 4
'THAT the amount shown in the Audited Accounts for the year ended March 31, 2017 as fees to the Directors for services as Directors, be and is hereby approved.'

4. **RE-APPOINTMENT AND REMUNERATION OF AUDITORS**
To appoint the Auditors and authorise the Board of Directors to fix the remuneration of the Auditors.

Ordinary Resolution No. 5
'THAT Mair Russell Grant Thornton who have consented to continue as the Auditors of the Company be and are hereby appointed Auditors of the Company to hold office until the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company.'

5. INTERIM AND FINAL DIVIDENDS

To approve and ratify interim and final dividends paid with respect to the financial years ended 31 March 2016 and 31 March 2017.

Ordinary Resolution No. 6

'THAT the interim dividend for the year ended March 31, 2016, being forty three cents ($0.043) per ordinary stock unit paid to the stockholders on the 29th day of April 2016 be and is hereby declared and approved as an interim dividend for the financial year 31 March 2016.'

Ordinary Resolution No. 7

'THAT the final dividend for the year ended March 31, 2016, being five cents ($0.05) per ordinary stock unit paid to the stockholders on the 23rd day of September 2016 be and is hereby declared and approved as the final dividend for the financial year 31 March 2016.'

Ordinary Resolution No. 8

'THAT the final dividend for the year ended March 31, 2017, being five cents ($0.05) per ordinary stock unit paid to the stockholders on the 8th day of March 2017 be and is hereby declared and approved as the final dividend for the financial year 31 March 2017.'

6. OTHER ROUTINE BUSINESS

To deal with any other business that is considered routine and appropriate for the Annual General Meeting.

Ordinary Resolution No. 9

"TO transact any other ordinary business of the Company that can be transacted at an Annual General Meeting.'

Dated this 30th day of June, 2017

BY ORDER OF THE BOARD

KURT BOOTHE
COMPANY SECRETARY

NOTE:
A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A Form of Proxy is enclosed and if it is used it should be completed in accordance with the instructions on the form and returned so as to reach the Company's Registrar at the address shown on the form not less than forty-eight (48) hours before the time fixed for the meeting.

DIRECTORS' REPORT

The Directors of Medical Disposables & Supplies Limited are pleased to present their report for the 12 months ending March 31, 2017.

FINANCIAL RESULTS

The Statement of Comprehensive Income shows pre-tax profits of $100.63M and post-tax profits of $100.57M from revenues of $1.71B. Further details of these results, as well as the prior 12-month performance are outlined in the Management Discussion and Analysis and Financial Statements which are included as part of this Annual Report.

DIRECTORS

The Directors of the Company as at March 31, 2017 are:

- Mr. Winston Boothe (Chairman)
- Dr. Vincent Lawrence (Non-Executive)
- Mrs. Sandra Glasgow (Non-Executive)
- Dr. Dahlia McDaniel-Dickson (Non-Executive)
- Mrs. Myrtis Boothe (Managing Director)
- Mr. Kurt Boothe (General Manager)
- Miss Nikeisha Boothe (Senior Marketing Executive)

The Directors to retire by rotation in accordance with the Articles of Incorporation are Mr. Winston Boothe and Mrs. Myrtis Boothe, but being eligible, all will offer themselves for re-election.

AUDITORS

The Auditors of the Company, Mair Russell Grant Thornton, of 3 Haughton Avenue, Kingston 10 have conveyed their willingness to continue in office as Auditors of the Company until the next Annual General Meeting.

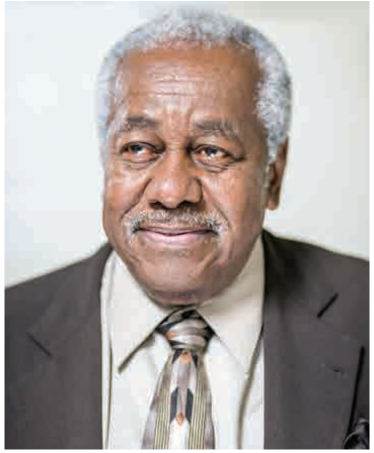
We wish to thank all our customers, employees, agents and shareholders for their continued support and contribution to the Company's performance.

Dated this 30th day of June, 2017

BY ORDER OF THE BOARD

KURT BOOTHE
COMPANY SECRETARY


"THE BEST VISION IS INSIGHT"
- Malcolm Forbes -



WINSTON BOOTHE
Chairman

For nearly two decades, until September 2013, Mr. Winston Boothe served in the capacity of Senior Vice President of the Port Authority of Jamaica (PAJ) in the areas of Corporate Planning & Information Systems, Finance & Administration, and Operations. Prior to this, he held the post of Group VP of the Jamaica Broilers Group of Companies and Managing Director and Company Secretary for Master Blends Feeds Ltd. With over 30 years of experience as a corporate executive, Mr. Boothe offers an impressive business acumen, financial expertise and has an expansive business network. He has served as Chairman of Hi Pro Farm Stores Limited, Boundbrook Wharf Development Company Limited, a Director of the Petroleum Company of Jamaica, PAJ, Kingston Free Zone Limited, Montego Bay Free Zone Limited, Master Blend Feeds Limited, West Indies Nutritional Corporation, Water Resources Authority and the Wortley Home for Girls.

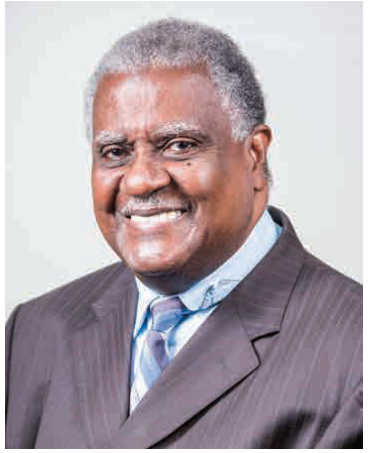
Mr. Boothe is an honours graduate of the University of the West Indies with a Bachelor Degree in Economics and a graduate of the American Management Association. In addition, he has completed short courses in Executive Development at the Johnson Institute of Business (Cornell University) and the International Programme for Port Planning & Management (University of New Orleans).

Mr. Winston Boothe is a member of the Audit & Compliance Committee and the Compensation & Human Resources Committee.

SANDRA GLASGOW
Non-Executive, Independent Director

Mrs. Sandra Glasgow serves as Chairman of the Audit & Compliance Committee, member of the Compensation & Human Resources Committee and Mentor to the Board. Mrs. Glasgow, founder and Managing Director of BizTactics Limited, has played an integral role in supporting improvements in the Company's Corporate Governance frameworks and processes. She was the Chief Executive Officer at The Private Sector Organisation of Jamaica for over five years and spent two decades at the University of Technology where she founded the Technology Innovation Centre and capped her distinguished career as Senior Vice President for Corporate Services. Among her directorships, Mrs Glasgow is a Non-Executive Independent Director of the NCB Financial Group Ltd since April 2007 and a Non-Executive Independent Director of the National Commercial Bank since 2002, where she chairs the Corporate Governance Committee, and sits as an independent director on the Executive Committee, the Audit Committee, the Board Risk Management Committee and the Compensation & Human Resource Committee.

A graduate of the University of the West Indies, Mona with a Bachelor of Science Degree in Marine Biology and Applied Botany and a Master of Business Administration, specialising in the Management of Technology, Mrs. Glasgow was Jamaica's Eisenhower Fellow in 2000.



DR. THE HON. VINCENT LAWRENCE
Non-Executive, Independent Director

During his over 40 years of experience as a civil and geotechnical engineer, Dr. Vincent Lawrence has become widely recognised as a skilled negotiator who has played a pivotal role in the engineering community and has exhibited a strong commitment to national service. He is a registered Professional Engineer in Jamaica and Ontario, a member of the Jamaican Institute of Management and a Fellow of the American Society of Civil Engineers. Dr. Lawrence is currently the Executive Chairman of Jentech Consultants Limited and Chairman of the Financial Board of the Diocese of Jamaica and the Cayman Islands. His past directorships include that of the Clarendon Alumina Production Limited Board, Bank of Jamaica, the Urban Development Corporation and Air Jamaica, to name a few.

Dr. Lawrence holds a Bachelor of Science Degree with honours from the University of the West Indies and earned his Doctorate through the Queen's University, Canada.

Dr. Lawrence is an Independent Chairman of the Compensation & Human Resources Committee and Independent member of the Audit & Compliance Committee.

DR. DAHLIA McDANIEL-DICKSON
Non-Executive, Independent Director

Dr. McDaniel-Dickson is a member of the Audit & Compliance and the Compensation & Human Resources Committees. She adds an essential dimension to the MDS Board through her strong command of the pharmaceutical industry from both academia and business perspectives. As a registered pharmacist for over 23 years, her contagious fervour for the discipline helps to ensure output of the highest standard with an outlook supported by intelligent industry specific applications. She currently sits on the Pharmacy Council of Jamaica's Standards Committee, the body responsible for the regulation of pharmacists, pharmaceutical students, pharmacy owners and authorised sellers of poisons in accordance with The Pharmacy Act (1966).

Dr. McDaniel-Dickson has a Doctorate in Public Health from the University of London, is the owner of three thriving pharmacies and a proprietor of a medical clinic.

THE DIRECTORS

KURT BOOTHE
Executive Director

Kurt Boothe, Company Secretary, joined the Company in 2010 as General Manager after residing in Florida for over a decade. Mr. Boothe's financial acumen, intimate familiarity with global best practices and openness to the application of modern solutions to business challenges are welcomed additions to the skill sets of the Company. While in Florida, as part of the American Express Financial Advisors team (Florida) and as Portfolio Administrator with the Private Client Group of Franklin Templeton Investments Inc., Mr. Boothe developed his proficiency in Finance. He also spent time in property valuation consulting services and independent real estate investments. He is a past Non-Executive Director of the Petroleum Company of Jamaica with responsibility for Marketing.

Mr. Boothe holds a Bachelor's degree in Business Administration and an M.B.A. with a concentration in Entrepreneurship from the Wayne Huizenga School of Business at Nova Southeastern University in Fort Lauderdale, Florida.

MYRTIS BOOTHE
Executive Director

Mrs. Myrtis Boothe is the founder and Managing Director of the Company. Her over 35 years of passionate and extensive medical experience provides great value to the organisation through her immense product knowledge, first-hand understanding of the inner workings of health institutions, expansive industry network and her keen dedication to providing service excellence in patient care. Her experience in leading and growing medical and pharmaceutical business segments contributes greatly to making MDS a dynamic and progressive organisation.

Mrs. Boothe is a Registered Nurse by profession, trained at the University Hospital of the West Indies. Her training was then put into practice as the Ward Administrator of the National Chest Hospital. Thereafter, she served at the Ministry of Health as an In-service Education Officer and Nursing Tutor before honing her business instincts through an 11-year management career at one of the country's leading distribution companies in the industry. She then began the MDS operation (in 1999) and has been successfully leading the charge ever since.

NIKEISHA BOOTHE
Executive Director

In 2010, Nikeisha Boothe joined MDS as Senior Marketing Executive. Her roles as Marketing Executive at Dunlop Corbin Communications – a full-service marketing and advertising agency – and Brand Manager at Restaurant Associates Limited (franchise holders for Popeyes and Burger King in Jamaica) has provided her with an in-depth knowledge in advertising, media, production, public relations, event planning, consumer behaviour, budget management and financial marketing.

Miss Boothe graduated with honours from the University of Miami, where she earned a B.A. in International Marketing and Finance. She furthered her studies at the Mona School of Business (University of the West Indies), where she received an M.B.A. with a concentration in Marketing.

SHAREHOLDINGS

SHAREHOLDING OF DIRECTORS AND SENIOR MANAGERS

DIRECTORS	TOTAL	DIRECT	CONNECTED PARTIES
Kurt Boothe	200,720,000	50,720,000	150,000,000
Myrtis Boothe	200,720,000	50,000,000	150,720,000
Winston Boothe	200,720,000	50,000,000	150,720,000
Nikeisha Boothe	200,720,000	50,000,000	150,720,000
Dahlia McDaniel-Dickson	1,373,100	1,073,100	300,000
Vincent Lawrence	1,284,222	Nil	1,284,222
Sandra Glasgow	Nil	Nil	Nil
SENIOR MANAGERS			
Kurt Boothe		50,720,000	150,000,000
Myrtis Boothe		50,000,000	150,720,000
Nikeisha Boothe		50,000,000	150,720,000
Janice Pitter		82,000	5,000
Lenworth Murray		163,000	Nil
Gerard Whyte		54,000	Nil

TOP TEN SHAREHOLDERS

AS AT MARCH 31, 2017

SHAREHOLDERS	UNITS	SHAREHOLDING %
Kurt Boothe	50,720,000	19.26%
Myrtis Boothe	50,000,000	19.00%
Winston Boothe	50,000,000	19.00%
Nikeisha Boothe	50,000,000	19.00%
Mayberry West Indies Limited	10,874,401	4.13%
Mayberry Managed Cients A/Cs	7,934,415	3.01%
Apex Pharmacy	3,496,926	1.33%
Bamboo Group Holdings Limited	3,350,631	1.27%
Catherine Adella Peart	1,846,240	0.70%
Leon O.W. Headley	1,737,957	0.66%
VM Wealth Equity Fund	1,342,514	0.51%
Manwei International Limited	1,292,000	0.49%

"SUCCESS IS 99.9% AN INSIDE JOB"

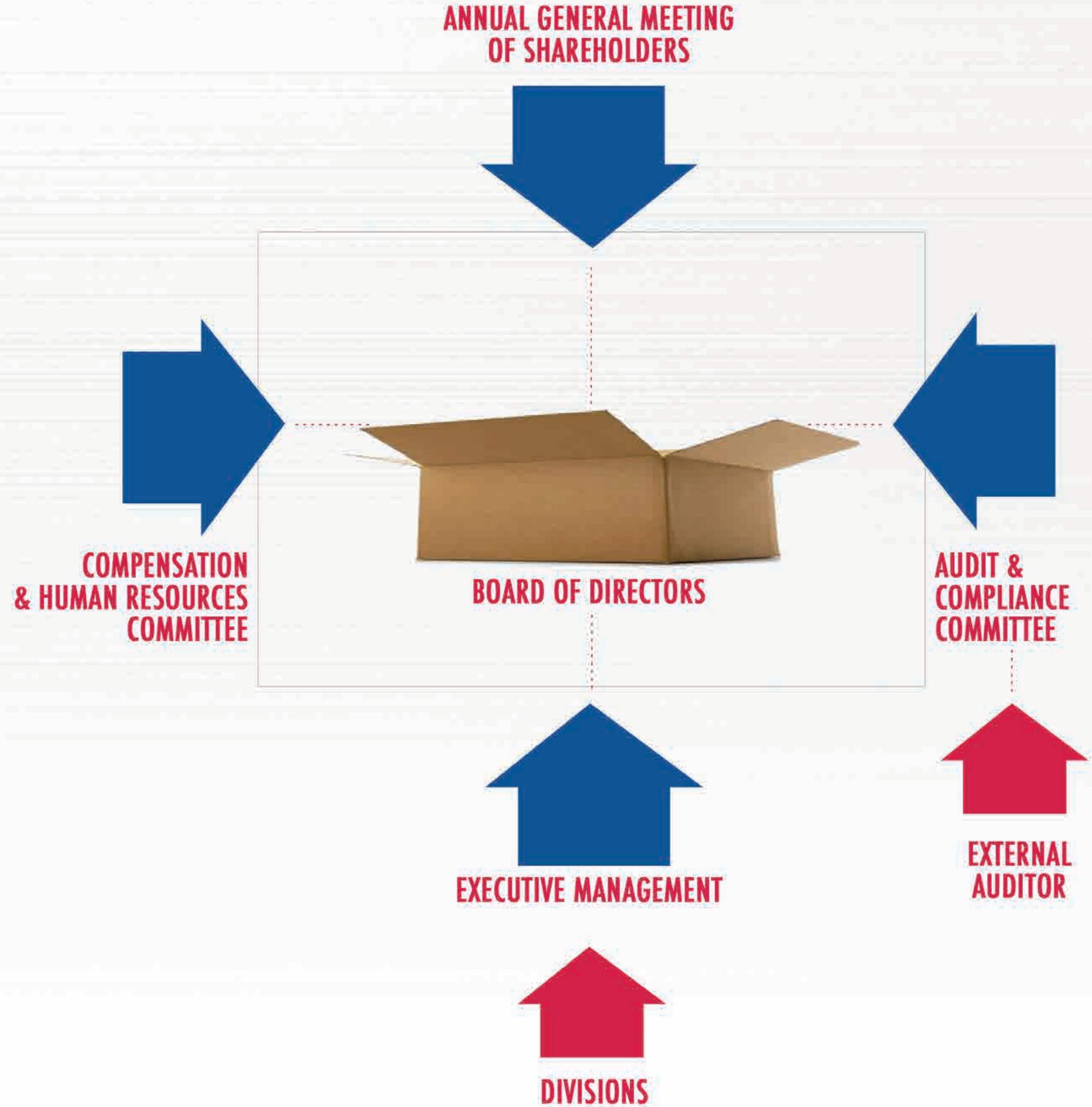
- Emily Williams


QUALITY
ASSURANCE

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Medical Disposables and Supplies Limited ("The Company") is responsible for the corporate governance of the Company and is committed to applying good Corporate Governance Principles. The Board guides and monitors the business and affairs of the Company on behalf of its shareholders. The Board believes that the Company's policies and practices comply substantially with the PSOJ's Code on Corporate Governance and other global standards and it continues to develop and improve its corporate governance processes and standards. The Company is fully compliant with the provisions of its Articles of Association, The Companies Act, 2004 and other applicable legislation.



1. ROLE AND RESPONSIBILITY OF THE BOARD

The Board takes seriously its responsibility to act on behalf of and be accountable to the Company's shareholders and strives to fulfil the expectations of its shareholders, as well as meeting other regulatory and ethical expectations. The role of the Board is to oversee and guide the Management of the Company with the aim of protecting and enhancing the interests of its shareholders and considering the interests of other stakeholders including employees, clients, suppliers and the wider community. The Board is responsible for identifying areas of significant business risk and ensuring that proper policies and systems are in place to adequately manage those risks.

The Board has adopted a formal Charter that outlines the role of the Board, the demarcation of its roles, functions, responsibilities and powers vis-à-vis those of Management, the Committees of the Board and matters reserved for decision-making by the Board. The Charter further defines the specific responsibilities of the Board, to enhance coordination and communication between the executive directors and the Board and more specifically, to clarify both Board and Management accountability for the benefit of the Company and its shareholders. The Charter is posted on the Company's website www.mdsja.com under the tab: "Investor Relations/Corporate Governance".

The Board is responsible for setting the strategic direction of the Company, establishing goals for management and monitoring the achievement of those goals. The Managing Director is responsible for the day-to-day management of the Company, assisted by the General Manager. Both executives report to the Board on key management and operational issues.

The Company Secretary, appointed by the Board, is responsible for submitting the relevant returns to the Jamaica Stock Exchange and the Financial Services Commission. The Company Secretary is also responsible for the administration of the Board and Board Committee meetings (including delegating the preparation of meeting minutes to an appropriate member of staff), management of dividend payments and oversight of the relationship with the Company's share registrar.

In keeping with the Charter, throughout the financial year ended March 31, 2017, the Board fulfilled the following key functions:

Governance

- Approved policies and procedures to guide the conduct of Management and employees;
- Provided oversight over Management's activities.

Strategic

- Discussed and approved the Corporate Strategic Plan for the period 2017 - 2019;
- Provided direction to the management concerning the articulation of the vision and strategy for the Group;
- Assessed the adequacy of capital to support the business risks of the Company.

Business Decisions

- Approved the payment of dividends;
- Approved and monitored the progress of capital investments, dividend payments, etc. that affected cash flow and the balance sheet;
- Approved proposals for financing capital projects;
- Considered proposals for joint ventures;
- Approved new banking arrangements;
- Approved the write-off of bad debts.

Human Resources

- Discussed and reviewed compensation proposals for executive management and staff;
- Approved performance objectives and performance measurement systems for staff.

Financial Performance

- Approved the annual budget and targets, annual financial statements and interim results and monitored financial performance throughout the year;
- Ensured financial results were reported fairly and in accordance with International Financial Reporting Standards (IFRS) and other relevant standards;
- Recommended to shareholders the Annual Report/financial statements released by Management and ensured that any reports issued by the Company, including the financial statements, presented a 'true and fair' view of the Company's position and performance.

Compliance

- Ensured that the Company operates within applicable laws and regulations and that all tax and statutory obligations were met within the specified timelines;
- Approved quarterly releases to shareholders in compliance of the rules of the Jamaica Stock Exchange.

Risks

- Ensured that principal risks were identified and that Management was implementing appropriate systems to manage these risks.

Internal Controls

- Assessed the adequacy of the systems of risk management, internal control, control environment and regulatory compliance.

Management is responsible for the execution of approved strategies and for all operational matters.

2. COMMUNICATION WITH SHAREHOLDERS

The Board's formal policy on communicating with shareholders, its Disclosure Policy, is available on the Company's website, www.mdsja.com under the "Investor Relations/Corporate Governance" tab.

This Policy is intended to raise awareness of the Company's approach to disclosure by members of the Board, Senior Management, employees and others who have undisclosed material information about the Company. The Policy also aims to ensure that information disclosed by the Company to shareholders and the public is timely, accurate, comprehensive, authoritative and relevant to all aspects of the Company's operations while at the same time consistent with all legal requirements.

All shareholders shall have the right to receive a copy of the Annual Report, whether in print or electronic form and every shareholder is encouraged to attend the Annual General Meeting and to ask questions pertinent to the governance and management of the Company.

3. CODE OF CONDUCT

The Company's values of: fulfilled employees, premium service, quality assurance, delighted customers, contented affiliates and social responsibility are fundamental to its business philosophy and guide the way it conducts its business and interacts with all stakeholders. Included in the Board Charter, is a Code of Conduct for Directors that sets the ethical and behavioural standards expected of all Directors of the Company. Additionally, the Company has developed a board- approved Code of Conduct and Ethics which is a guide for employees to live the Company's values.

The Code outlines the Company's ethical principles and the specific standards for its relationships with stakeholders, and covers a broad range of issues and refers to those practices necessary to maintain confidence in the Company's integrity, including procedures in relation to:

- compliance with the law;
- equal employment opportunity;
- business and financial records;
- dishonesty, including embezzlement and bribery;
- fair competition;
- conflicts of interest;
- use of Company vehicles;
- discrimination;
- insider trading;
- acceptance of gifts;
- money laundering;
- protection of assets;
- occupational health and safety;
- substance abuse;
- conduct within and outside the workplace; and
- confidentiality and use of information.

It is the responsibility of management and supervisory personnel to ensure adherence to the Code. It is also the responsibility of each employee to promptly report any violations of the Code to the responsible officer, the General Manager of the Company. An Ethics E-mail Address, overseen by the Company's Audit and Compliance Committee, has been established at auditcommitteemds@gmail.com and employees may report violations or other information, which they believe, should be reported under this Code using either method. Any concerns that employees may have regarding questionable accounting, internal accounting controls or auditing matters may also be reported confidentially or anonymously to the Company's Ethics E- mail Address. Non-compliance with the policies contained in the Code may result in disciplinary action, up to and including termination of employment and/or legal action.

4. BOARD COMPOSITION

The composition of the Board is determined in accordance with the following principles and guidelines:

- the Board should comprise of no more than 10 directors;
- the Board should comprise directors with an appropriate range of skills, experience and expertise; and

- the Board should meet regularly and follow meeting guidelines set down to ensure all directors are made aware of, and have available all necessary information, to participate in an informed discussion of all agenda items.

As at 31 March 2017, the Board comprised seven directors: three Non-Executive Independent Directors, one Non-Executive Director and three Executive Directors as follows:

- Winston Boothe, Chairman, Non-Executive Director
- Sandra Glasgow, Non-Executive Independent Director and Mentor
- Dr. the Hon. Vincent Lawrence, O.J., Non-Executive Independent Director
- Dahlia McDaniel-Dickson, Non-Executive Independent Director
- Myrtis Boothe, Managing Director, Executive Director
- Kurt Boothe, General Manager, Executive Director
- Nikeisha Boothe, Marketing Manager, Executive Director

The Board considers a director to have met the criteria for independence if he or she:

- does not represent a substantial shareholding
- is not a close relative of a significant shareholder
- does not have an employment relationship with the Company

DETAILS OF THE DIRECTORS ARE INCLUDED IN THE 'DIRECTORS' PROFILES'ON PAGES 18 - 19 AS WELL AS ON THE COMPANY'S WEBSITE.

The Board considers that collectively the Directors have the appropriate range of skills, experience and diversity necessary to direct the Company's business at the current stage of development and achieve its strategic objectives. Diversity includes the mix of skills and experience in business, strategic planning, governance, the distribution of pharmaceuticals and consumable items, finance and risk management, age and gender. The following skills matrix below describes the skills of each member of the Board across a range of general and specialist areas.

GENERAL EXPERIENCE	WINSTON BOOTHE	MYRTIS BOOTHE	KURT BOOTHE	NIKEISHA BOOTHE	VINCENT LAWRENCE	DAHLIA MCDANIEL- DICKSON	SANDRA GLASGOW
MANAGING & LEADING	■	■	■	■	■	■	■
BUSINESS/COMMERCIAL	■	■	■	■	■	■	■
DEVELOPING AND IMPLEMENTING SUCCESSFUL STRATEGIES	■	■	■	■	■	■	■
GOVERNANCE	■				■		■
SPECIALIST EXPERIENCE							
INDUSTRY-SPECIFIC KNOWLEDGE	■	■	■	■		■	
FINANCE/AUDIT/RISK MANAGEMENT	■		■		■		■
MARKETING		■	■	■			
REMUNERATION	■				■		■
REGULATORY/GOVERNMENT AFFAIRS	■	■	■		■	■	

5. CONFLICTS OF INTEREST

Directors are required to properly manage any conflict with the interests of the Company and to declare to the Board any personal interest, whether direct or indirect, he or she may have in matters brought before the Board. This declaration is recorded in the minutes and the interested Director may not be present for the deliberations, discussion or voting on the resolutions to be adopted in this respect.

6. SECURITIES TRADING BY DIRECTORS & EMPLOYEES

The Company strongly opposes the unauthorised disclosure of any confidential, proprietary or non-public information about the Company by any director, officer, employee or agent of the Company who may have acquired such information in the course of his or her service with the Company. The Company also opposes the misuse of such material non-public information when trading in the securities of the Company. Any such actions are deemed violations of the Company's Securities Trading Policy.

The policy may be accessed on the corporate governance section of the Company's website at www.mdsja.com under the tab: "Investor Relations/Corporate Governance." The policy complies with Jamaica's Securities Act in relation to insider trading and with the rules of the Jamaica Stock Exchange.

7. DIRECTOR INDUCTION AND DEVELOPMENT

On appointment, all Non-Executive Directors receive comprehensive briefing documents that familiarise them with the Company's operations, management and governance structures; including the role and function of the Board and its Committees.

The Mentor provides guidance to the Board on all governance issues and ensures that the Directors are provided with relevant information on a timely basis to enable them to consider issues for decision and to discharge their oversight responsibilities.

8. MEETINGS OF THE BOARD AND THE ANNUAL GENERAL MEETING

The Board meets formally at least six (6) times each year, and meetings may be convened outside the scheduled dates to consider urgent matters. During the financial year, the Board met eight (8) times. The Directors' attendance at Board meetings and the Annual General Meeting, is detailed on the ensuing page.

The agenda for meetings is prepared by the Company Secretary, in conjunction with the Chairman, Managing Director and General Manager with input from the Board, as required. Board papers are distributed to Directors, normally at least four working days in advance of scheduled meetings. Board meetings take place at the Company's head office.

BOARD MEMBERS	#MEETINGS ATTENDED	OVERALL ATTENDANCE
WINSTON BOOTHE, CHAIRMAN	8	100%
MYRTIS BOOTHE	8	100%
KURT BOOTHE	8	100%
NIKEISHA BOOTHE	8	100%
SANDRA GLASGOW	7	88%
DR. THE HON. VINCENT LAWRENCE, O.J.	6	75%
DR. DAHLIA MCDANIEL-DICKSON	8	100%

9. BOARD COMMITTEES

To provide adequate time for the Board to concentrate on strategy, planning and performance enhancement, the Board has delegated specific duties to two Committees: the Audit and Compliance Committee and the Compensation and Human Resources Committee. Each Committee has its own Terms of Reference, which has been approved by the Board and which defines the respective committees' roles and responsibilities.

10. COMPENSATION AND HUMAN RESOURCES COMMITTEE

The Committee consists of three non-executive, independent directors, Hon. Vincent Lawrence, O.J., Chairman, Mrs. Sandra Glasgow and Dr. Dahlia McDaniel-Dickson, as well as non- executive director and Chairman of the Board, Winston Boothe. The Compensation Committee provides oversight on human resource and compensation policies and practices generally, and makes specific recommendations on compensation packages for the Company's executive management and staff having regard to performance, relevant comparative information and independent expert advice where necessary. The Committee also provides oversight on succession and development of senior executives.

The Committee met 3 times during the year, to review and approve the revision of the Company's organisational structure, manpower requirements in keeping with its strategic plan, performance management system and proposals for salary, benefits and incentive schemes for executives and staff.

COMMITTEE MEMBERS	#MEETINGS ATTENDED	OVERALL ATTENDANCE
WINSTON BOOTHE	3	100%
SANDRA GLASGOW	3	100%
DR. THE HON. VINCENT LAWRENCE, O.J.	3	100%
DR. DAHLIA MCDANIEL-DICKSON	3	100%

11. AUDIT AND COMPLIANCE COMMITTEE

The Board has established an Audit and Compliance Committee which operates under a charter approved by the Board. In accordance with the Corporate Governance guidelines issued by the Jamaica Stock Exchange, the Committee comprises a majority of independent directors. The members of this Committee include three non-executive independent directors: Mrs. Sandra Glasgow, Chairperson, Dr. the Hon. Vincent Lawrence OJ and Dr. Dahlia McDaniel-Dickson and non-executive director, Mr. Winston Boothe. The General Manager and the Financial Controller attend meetings as invitees.

12. DIRECTOR REMUNERATION

Non-executive Directors' fees are paid based on attendance at Board and Committee meetings and are not linked to the Company's performance or share price. Executive Directors do not receive Board fees. The Mentor, who is a Board Member, performs special assignments for the Company under contract, in addition to her directorship.

The Chairman of the Board and Committee chairpersons are paid $40,000 for each meeting attended while other Directors are paid $25,000 for their attendance at Board and Committee meetings.

During the period under review, the gross fees paid to the non-executive directors based on their attendance at Board and Committee meetings were as follows:

WINSTON BOOTHE, CHAIRMAN OF THE BOARD	$575,000.00
SANDRA GLASGOW	$460,000.00
DR. DAHLIA MCDANIEL-DICKSON	$425,000.00
DR. THE HON. VINCENT LAWRENCE, O.J.	$395,000.00
TOTAL	$1,855,000.00

Sandra A. C. Glasgow, Mentor

MANAGEMENT DISCUSION & ANALYSIS

For the Financial year ended March 31, 2017, MDS Ltd. continued on its path of increasing revenue and diversifying product lines. This increase had a positive impact on net profits, which resulted in the profits moving above the J$100 million mark for the first time. For the year ended March 31, 2017 the Company realised total revenues of J$1.7 billion, an increase of 29% over the previous year.

BUSINESS REVIEW

The Company continues to operate in a very competitive environment. Despite the challenging business environment, the Company's goal of growing market share yielded positive results, which reflected the ensuing efforts of the Company's growth strategy. This included managing growth by physically expanding the facility size and storage areas to accommodate additional product lines, as well as to gain efficiencies from the improved infrastructure. An increase in the staff complement in areas of sales, customer service, logistics and administration formed the base of support for these additional business opportunities. Consequently, the Company's increase in revenue also attracted an increase in costs to support the increase in business activity.

The focus on the Pharmaceutical segment of the business continued to yield positive results during the year. The Company capitalised on opportunities in this division to expand its representation of key product lines in additional market segments island-wide. The Medical Sundries segment also showed improved revenues, as additional resources were employed, and strategies were realigned to focus on penetrating this area of the market, which once represented a greater strength for MDS in its earlier years. The Company also ended the year with further plans afoot to establish a Consumer Goods division for the 2017 – 2018 period.

FINANCIAL HIGHLIGHTS AND PERFORMANCE

Highlights of the Financial year ended March 2017:

- Revenue of $1.71 billion, a year-over-year increase of J$386.8 million or 29%
- EBITDA of $157 million a year-over-year increase of J$25.4 million or 19.34%
- Net Profit of $100.1 million, a year-over-year increase of 5%
- Total assets $1.21 billion, a year-over-year increase of 8.25%
- Total Stockholders' equity – $563.5 a year-over-year increase of 15.48%

FINANCIAL PERFORMANCE

The year ending March 2017 yielded improved results with gross operating revenue amounting to $1.7 billion; reflecting strong growth compared to the previous year.

With the increase in revenues, the gross margins also showed significant growth moving from $350 million in 2016 to $410 million in 2017, a year-over-year increase of 17%. The year-over-year increase in margins were due to a number of strategies employed. Chief among these was the broadening of the customer base in the Pharmaceutical segment which accounted for significant revenue increases in excess of $200 million.

Increased penetration in the medical sundries area also accounted for positive increases as well. Notwithstanding the very strong growth in revenues and the gross margins, the Company saw reduced net margins when compared to the previous year. Several factors impacted the net margins; these included the increase in the finance cost and deprecation as well as the increase in selling and administrative expenses.

OPERATING EXPENSES

Given the continued development per strategic objectives, operating expenses increased as a result of successful execution of additional revenue generating initiatives. Administrative expenses, as well as selling and promotional costs were directly impacted, and increased by $23 million and $22 million respectively.

The Company benefited from synergies in distribution, as several new product lines were added to its existing routes. Marketing and promotions cost increased due to the introduction of several new products to the market. Total operating expenses for the year amounted to $287 million. Notably, $56 million of total expenses was attributable to deprecation and finance costs. The increase in depreciation was due to a revaluation of the building during the year, coupled with the fact that during this financial year there was a full twelve months of depreciation for the value of the new building. The continued expansion in the Company's operations during the year was also reflected in the finance cost. Finance cost peaked to a high of $34 million during the year. This was due to the fact that there was a full twelve months of finance cost on the loan used for the acquisition of the new building coupled with the fact that, in keeping with the growth agenda, the Company also utilised the full extent of its working capital facilities. This was a direct strategy employed by the business to ensure that it was able to meet the market demands for the new segments which were introduced.

EARNINGS PER SHARE

Earnings per share were $0.38 compared to $0.37 in 2016.

TOTAL ASSETS AND LIABILITIES

The Company's financial position showed positive trends year-over-year. Total assets grew by $92.5 million or 8.25% moving from $1.12 billion in 2016 to $1.21 billion in 2017.

Total liabilities reflected an increase of J$17 million or 2.7% moving from $633 million in 2016 to $650 million in 2017. The Company's liabilities are largely denominated in Jamaican dollars thereby reducing the Company's foreign exchange exposure.

Current assets increased by $80.6 million or 12.5% when compared to the previous period. This increase was due largely to the increase in inventory held which increased by over $82 million or 28.6% moving from $287 million in 2016 to $369 million in 2017. Receivables also showed increases of $23 million or 7.8% moving from $301 in 2016 to $324 million in 2017.

Year-over-year there was a reduction in the current liabilities, which moved from $454 million in 2016 to $449 in 2017. The reduction was due to a significant reduction in the short term borrowing which moved from $46 million in 2016 to $10 million in 2017.

LOOKING AHEAD

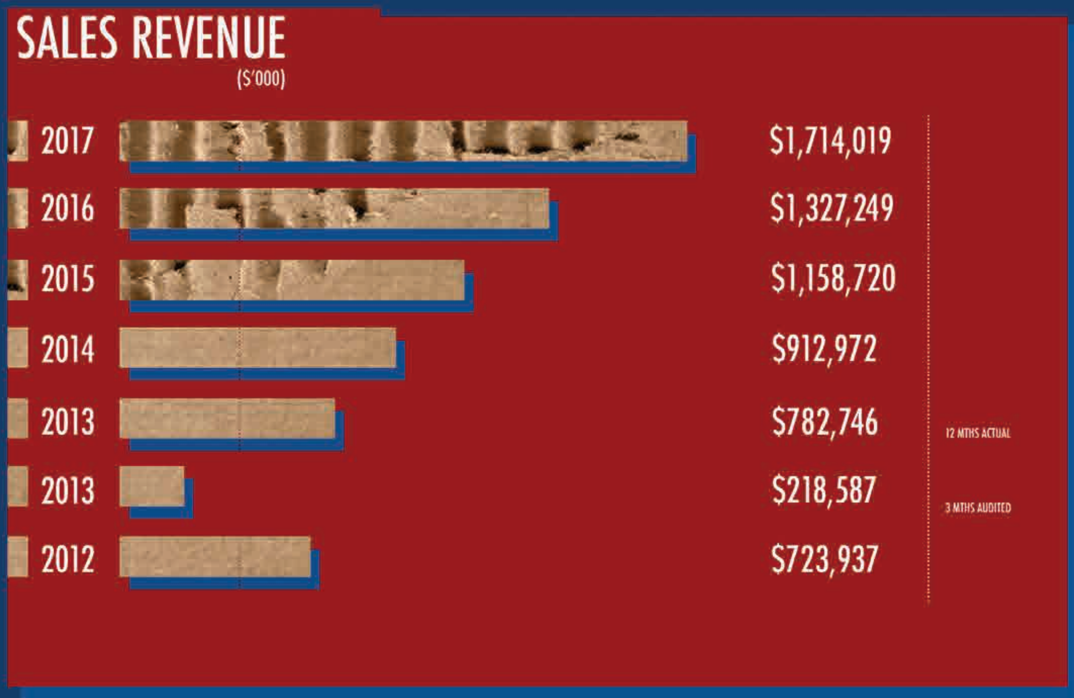
MDS Ltd. remains focused on improving its internal infrastructure in the areas of updating standard operating procedures, strengthening the organisational structure, improving I.T. facilities and data mining capabilities, as part of its growth management support strategies. Specific efforts will be employed to improving control systems company-wide, as well as detailed improvements to logistics management.

The Company will establish and develop a Consumer Goods division in addition to its Pharmaceutical and Medical Sundries segments. This is expected to positively impact revenue, and widen the customer base, by expanding the existing channels of distribution. Management remains enthused about the positive outlook for the upcoming year, and is optimistic about the continued growth of Medical Disposables & Supplies Limited.

HISTORIC FINANCIAL PERFORMANCE

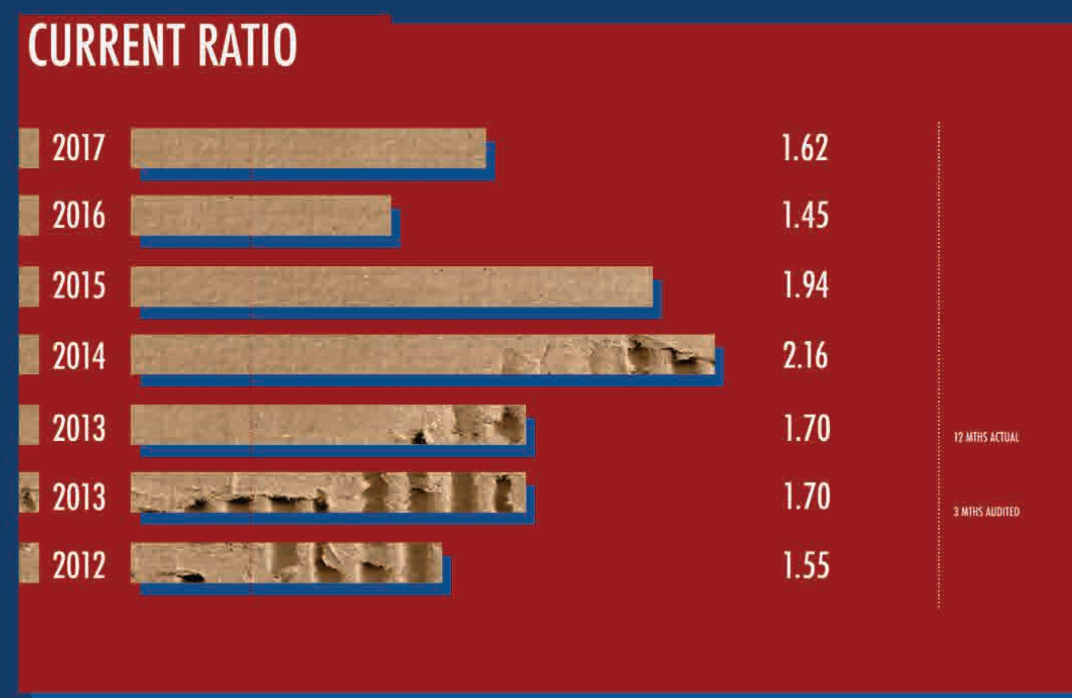
	2017	2016	2015	2014	2013 *		2012
	$'000	$'000	$'000	$'000	(12 MONTHS RESTATED) $'000	(3 MONTHS AUDITED) $'000	$'000
PROFIT AND LOSS SUMMARY							
PROFIT AFTER TAX	100,573	96,077	84,569	56,544	40,469	14,619	41,322
EBITDA	157,069	131,618	107,400	93,953	76,121	25,433	71,802
BALANCE SHEET							
TOTAL ASSETS	1,214,247	1,121,697	956,343	632,489	450,897	450,897	422,660
TOTAL LIABILITIES	650,708	633,684	553,880	280,069	299,063	299,063	285,446
STOCKHOLDERS'EQUITY	563,539	488,013	402,463	352,420	151,834	151,834	137,214
IMPORTANT RATIOS							
GROSS PROFIT MARGIN	24%	26%	26%	26%	24%	25%	24%
DEBT TO EQUITY	58%	61%	74%	21%	65%	65%	55%
RETURN ON EQUITY	19%	22%	22%	22%	28%	10%	35%
CURRENT RATIO	1.62	1.45	1.94	2.16	1.70	1.70	1.55

* The Company applied and received permission from Tax Administration Jamaica to change the year end from December 31 to March 31. In effecting this change, the Company was audited for the three-month period January 1 to March 31. As a result, the actual financial performance for the period April 1, 2012 to March 31, 2013 was restated and used for comparative analysis.


SALES REVENUE
($'000)
2017
$1,714,019
2016
$1,327,249
2015
$1,158,720
2014
$912,972
2013
$782,746
12 MTHS ACTUAL
2013
$218,587
3 MTHS AUDITED
2012
$723,937

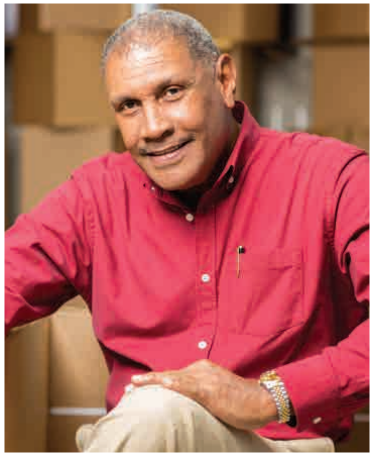

GROSS PROFIT
($'000)
2017
$410,730
2016
$350,228
2015
$298,097
2014
$236,875
2013
$185,786
12 MTHS ACTUAL
2013
$54,380
3 MTHS AUDITED
2012
$177,203


PROFIT AFTER TAX
($'000)
2017
$100,573
2016
$96,077
2015
$84,569
2014
$56,544
2013
$40,469
12 MTHS ACTUAL
2013
$14,619
3 MTHS AUDITED
2012
$41,322


CURRENT RATIO
2017
1.62
2016
1.45
2015
1.94
2014
2.16
2013
1.70
12 MTHS ACTUAL
2013
1.70
3 MTHS AUDITED
2012
1.55


"IF AN EGG IS BROKEN BY AN OUTSIDE FORCE, IT BREAKS. IF BROKEN BY AN INSIDE FORCE, LIFE BEGINS. GREAT THINGS ALWAYS BEGIN FROM THE INSIDE."
~ ANONYMOUS ~
MDS
MEDICAL DISPOSABLES
SUPPLIES LIMITED

LEADERSHIP TEAM



GERARD WHYTE
Business Development & Client Relations Manager

A glimpse at Mr. Whyte's résumé reveals a career in the pharmaceutical industry dating back to 1980 with a long thread of positions held while at Cari-Med Limited and GlaxoSmithKline Caribbean – Medical Representative, Supervisor and Caribbean District Manager. Prior to joining MDS in 2009, Mr. Whyte was a founding partner in a pharmaceutical distribution firm where he was Director of Sales & Marketing. As the Business Development & Client Relations Manager of MDS, Mr. Whyte establishes and manages commercial expansion by driving sales activities, exploring leads, partaking in negotiations and playing an integral role in new business acquisition. With relationships being central to the growth of the Company in this business-to-business environment, Mr. Whyte also holds the reins in maintaining institutional and client relations.

B.Sc. Biochemistry & Zoology - honours (University of the West Indies).

LENWORTH MURRAY
Trade Manager

Mr. Murray's longstanding career in the medical field began in 1991 at Cari-Med Ltd. During his professional career, he has enjoyed the challenges of varying roles including that of Sales Representative, Medical Representative for the Apotex brand, North Caribbean Manager for Apotex Inc., Pharma Sales Supervisor and Medical Representative for Schering Plough Caribe. Mr. Murray joined the MDS team as Trade Manager in 2012; a role which designates him responsible for managing sales output, strengthening communication in distribution channels, enhancing customer relationships in the trade, steering on-the-ground activities in outlets serviced by MDS and promoting the MDS brand and products to target users. His more than 18 years of experience in the pharmaceutical industry and over half-a-decade in the sales field have equipped him with a strong understanding of the world of pharmaceuticals, a robust network base and invaluable sales skills.

B.Sc. Management Studies (University of the West Indies).

ANTOINETTE McDONALD
Sales Supervisor

Mrs. McDonald is the newest entrant to the MDS family, having joined in February 2016 as Sales Supervisor with direct responsibility for the Dr. Reddy's Laboratories (DRL) line. Through keen analysis of the internal and external environments, she guides the DRL-specific Sales Team to optimise business outcomes. She also manages the development of brand building strategies, product growth approaches and the advancement of consumer relationships. Prior to coming to MDS, Mrs. McDonald enjoyed 17 years in the pharmaceutical arena, often working for some of the most well-respected companies in the industry, including GlaxoSmithKline Caribbean Limited and Cari-Med Limited. Her varying roles, including that of Sales Coordinator, Sales Representative and Medical Representative, have made her well-equipped to create a profound footprint on the MDS team through the depth of knowledge gleaned from her broad wealth of experiences and her uncanny way of engaging people – both staff and customers alike.

Marketing Management Diploma (Institute of Management & Production).

JANICE PITTER
Financial Controller

Ms. Pitter joined MDS in February 2013 after serving a period of nine years at one of the island's oldest and largest retail, manufacturing and distribution companies. While there, her varying capacities included that of Finance Manager and Chief Accountant. These posts were superseded by her 12-year tenure as Audit Senior at BDO Chartered Accountants. Ms. Pitter serves on MDS' executive team as Financial Controller, a role which allows her oversight of the Company's corporate financial strategy and the continued buoyance of the MDS operation in Jamaica. In particular, she integrates her regulatory expertise and financial acumen to streamline procedures related to planning, procurement, investment and accounting.

FCCA, CA.


MDS
MEDICAL DISPOSABLES
& SUPPLIES LIMITED
FULFILLED
Employees

HUMAN INVESTMENT

The foundation of any building is the most expensive and important construction element as it bears the weighting of the entire structure. As a parallel to this narrative, the foundation of MDS' business - our team - is critical to our success and therefore provides validation for the decision to focus intently on our internal machinery.

It is our belief that we are only as strong as our foundation – our inputs, our 'insides'. And, if we sharpen this critical base (by bettering our team, our services and our processes), then the experiences that all our stakeholders have with us and the ultimate results that flow will be nothing short of stellar. We have therefore been inspired to improve and perfect our 'insides' this year in order to provide the calibre of service that our stakeholders deserve and will consistently be astounded by.

Our team of 56 is constantly exposed to practical examples that reinforce the interconnectedness of all departments and each individual's role. The entire process, from shipping and logistics through the sales process, to delivery and after-sales care is likened to a relay race. Regardless of how strong the starting leg, efforts are useless if the penultimate leg drops the baton prematurely or if the final leg runs out of the changeover box ahead of time. Citing such examples elucidates the point that no individual department is of greater importance than another; that all full efforts are needed in order to run across the finish line with the speed, accuracy, and winning personality required to complete a race worthy of encore chants and standing ovations.

This year, we have deepened our quest to be champions of our Company, to take greater individual responsibility for achieving our objectives and to be ambassadors of our word. Our leadership team has reiterated the need for our team to go beyond what is expected and travel the extra mile by rewarding value added endeavours, when observed.

"THE MOST POWERFUL AND ENDURING BRANDS ARE BUILT FROM THE HEART."

- HOWARD SCHULTZ

INTERNAL AFFAIRS

"A HEALTHY OUTSIDE STARTS ON THE INSIDE."

- Robert Unich

One of the main goals at MDS is to positively contribute to the good health of the island's citizens. However, of equal importance is the health of our team members, with the definition of health extending beyond their physiological needs and extending to better work-life balance. Efforts toward fostering emotional well-being have been promoted through the:

- Enhancement of our designated quiet space (dubbed the MDS Lounge)
- Injection of team building activities
- Motivational titbits that encourage each individual to execute self-exploratory exercises that lead to greater personal development
- Celebration of life events experienced by our team members (and/or their loved ones)

The MDS Lounge

Every employee experiences days that are less than ideal. The MDS Lounge provides a space for employees to retreat for a moment with the purpose of recouping or benefitting from a quick mental break when necessary. This calming space nurtures silent reflection that is respectful of solitude, peace and rejuvenation.

Team Building Exercises

The injection of intermittent team building activities adds bouts of vivacity to the environment, with 'Football Fridays' being one such example - a weekly staple among our young men and an attraction for a barrage of internal team members who quickly transition from their daily role to that of spectator, cheerleader and commentator.

Self-Examination

With the notable motivational speaker Les Brown forming much of the basis of our self-inventory this year through audio visual extracts, our team was encouraged to probe themselves by performing a very thorough and honest analysis of who they are, who they want to be, their strengths, their weaknesses, their life goals and their objectives for the year. The ultimate intention of these sessions is to have the team conduct personal audits at the close of the year to determine which of their targets were realised, reflect on the underlying reasons for any shortcomings and to develop a plan of action to assist in filling the existing gaps.

Celebration of Life Events

Life happens. There are moments on mountaintops and periods of despair, and our work family has definitely experienced events this year that have fallen within the extremes of this spectrum. Some team members have enjoyed personal triumphs while others have struggled with threatening illnesses and physical losses. What we have discovered throughout the swings of this emotional pendulum is the authenticity and depth of comradery that exist. We have a wide offering of laughter and strong shoulders available to us; this helps in magnifying jubilant periods by readily having persons to share in our amusement, while our moments of grief are made more manageable by having a genuine support group to lean on.

MRS. BOOTHE'S 70TH BIRTHDAY

One of our two most festive milestones during the year was our successful surprise and tribute to Mrs. Boothe in commemoration of her three score and ten years of life and, with this, the mammoth contribution she has given to health services in Jamaica, to the Company, and to all who pass through the MDS doors.

CHAMPION: HAVING A 'BALL' WITH OUR GM

True to our style of effecting festive acknowledgement without warning, our second most pronounced milestone was possibly our best surprise to date. Our General Manager was rendered speechless when the entire Company broke into a rehearsed flash dance to DJ Bravo's 'Champion' as he walked through the doors on the morning of November 14, 2016. This was our expression of acknowledgement on his phenomenal input as Manager of the Wolmer's Boys School's Manning Cup Football team; laudable voluntary efforts which assisted in their historic win against Kingston College to become the 2016 Flow Cup champions. Our well-timed mischief not only sought to applaud his victory on the football field, but gave us pause to reflect on the practical relevance and myriad of possibilities that exist within our daily mission....

BEAT THE BEST!


MDS
MEDICAL DISPOSABLES
& SUPPLIES LIMITED
Social
RESPONSIBILTY

SOCIAL INVESTMENT

As a growing entity in a sector that is crucial to the country's development, we acknowledge the responsibility we carry towards economic development, improving the quality of life of our customers and employees, creating value in the communities we serve and supporting the industry of which we are a part.

As in years past, we continue to make investments in areas that promote social upliftment by embracing activities and initiatives that chiefly centre on education, sport and health. This forms an important part of our business strategy as we aim to strengthen the attention given to a number of corporate social responsibility (CSR) areas in which our operation has the greatest potential for impact and is most material to our business and our stakeholders.

2016 has arguably been the most exciting and fulfilling year yet. We continued to provide support to the pharmaceutical and medical industries through participation in industry-specific events, involvement in community health fairs, partnering with hosts of blood drives, sponsoring of sporting activities and extending internships to high school and college-bound students.

Although all of these initiatives were tremendously gratifying experiences, one particular project was exceptionally heart-warming – the hosting of a series of educational and motivational sessions with final year pharmacy students of the University of Technology. Three batches of students visited our facility to observe the inner workings of the distribution and business aspects of pharmacy. They were also able to tour the facility, being led by our in-house pharmacists who played an integral role in equipping the students with practical tools for their area of expertise. In ensuring that we afforded them a complete and rounded experience, we provided them with a background on the Company, apprised them of its origins, its challenges, its victories and the stages of transition throughout the years. Our 'inside story', and the characters therein, were used as sources of encouragement to demonstrate that all things are possible regardless of how daunting they may appear, that a knowledge of self is equally important to academic intellect and that each student has what it takes to manifest their dream regardless of how meagre their start. The glowing sentiments and visible appreciation that spewed from the students thereafter were not only unexpected but deeply moving. These stirring moments served to solidify our belief that, though our business be rooted in tangible aspects of health, much of our purpose is embedded in our ability to make a difference in the emotional, social and intellectual aspects of wellness – a feat that can only be achieved through sincere efforts that nurture and create 'inside' connections.






MEMORY BOX

2016 PHARMACEUTICAL SOCIETY OF JAMAICA (PSJ) ANNUAL CONFERENCE

JAMAICA ASSOCIATION OF PRIVATE PHARMACY OWNERS (JAPPO) INAUGURAL CONFERENCE

PHARMACEUTICAL SOCIETY OF JAMAICA (PSJ) 5K RACE


MDS
MEDICAL DISPOSABLES
& SUPPLIES LIMITED
Taking Care...
3RD
ANNUAL
GENERAL
MEETING

ANTHRICK MANAGEMENT (DIGICEL GRAND PRIX) CORPORATE HIGH SCHOOLS ATHLETICS DEVELOPMENT MEET

WESLEY POWELL (EXCELSIOR HIGH SCHOOL) TRACK & FIELD MEET

LOOK WHO STOPPED BY

Three Angels Pharmacy's Mobile Clinic Launch

Three Angels Pharmacy's Mobile Clinic Launch

Three Angels Pharmacy's Mobile Clinic Launch

Three Angels Pharmacy's Mobile Clinic Launch

Jamaica Gasolene Retailers & Rubis' Joint Blood Drive

Jamaica Gasolene Retailers & Rubis' Joint Blood Drive

Jamaica Gasolene Retailers & Rubis' Joint Blood Drive

Jamaica Gasolene Retailers & Rubis' Joint Blood Drive

Charlie's Pharmacy's 25th Anniversary Health Fair

Charlie's Pharmacy's 25th Anniversary Health Fair

Charlie's Pharmacy's 25th Anniversary Health Fair

THE 'INSIDE' SCOOP

"BEHIND THE SCENES OF OUR ANNUAL REPORT"









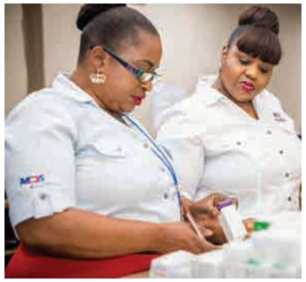













FINANCIALS

Mair Russell Grant Thornton

Medical Disposables & Supplies Limited

Financial Statements

March 31, 2017

Mair Russell
Grant Thornton

Independent auditor's report

Mair Russell Grant Thornton

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E + mrgt.mobay@jm.gt.com

Jamaica, West Indies

To the Members of
Medical Disposables & Supplies Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of Medical Disposables & Supplies Limited ("the Company") which comprise the statement of financial position as at March 31, 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2017, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that in our professional judgement; were of most significance in our audit of the financial statements of the current period. The matter was addressed in the context of our audit of financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Valuation of land and building

As at March 31, 2017, Land and Building amounted to $412,200,000 or 34% of Total Assets (Note 5).

Mair Russell Grant Thornton

Independent auditor's report

To the Members of
Medical Disposables & Supplies Limited

Report on the Audit of the Financial Statements

The Key Audit Matter (cont'd)

The determination of market value requires significant estimation, and is inherently subjective, as key inputs are not observable from available market information.

How the matters are addressed in our audit

Our audit procedures included, amongst others:

- Assessing the qualification, objectivity, independence and competence of the valuator.
- Establishing the consistency of the valuation approaches used with IFRS 13, *Fair Value Measurement* and their suitability for use in determining the market value of the land and buildings as at March 31, 2017.
- Evaluating the assumptions and underlying data used in determining the fair value, including identification of similar transactions and listings, corroborating discussions with the valuator, within our understanding of the market environment.
- Assessing the adequacy of the disclosure in accordance with IAS 16, *Property, plant and equipment*.

We found no material errors from our test.

Other information

Management is responsible for the other information. The other information comprises the information in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Mair Russell
Grant Thornton

Independent auditor's report

To the Members of
Medical Disposables & Supplies Limited

Report on the Audit of the Financial Statements

Other information (cont'd)

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those charged with governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Mair Russell
Grant Thornton

Independent auditor's report

To the Members of
Medical Disposables & Supplies Limited

Report on the Audit of the Financial Statements

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe the matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Mair Russell
Grant Thornton

Independent auditor's report

To the Members of
Medical Disposables & Supplies Limited

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

The Engagement Partner on the audit resulting in this independent auditor's report is Ms. Karen Lewis.

Kingston, Jamaica

May 30, 2017

Mair Russell Grant Thornton
Chartered Accountants

Statement of financial position
March 31, 2017

	Note	2017 $	2016 $
Assets			
Non-current assets			
Property, plant and equipment	(5)	**484,497,095**	472,823,205
Intangible assets	(6)	**2,603,561**	2,357,135
		487,100,656	475,180,340
Current assets			
Inventories	(7)	**369,382,694**	287,124,748
Trade and other receivables	(8)	**324,624,837**	301,140,431
Prepayments		**5,579,130**	5,448,864
Taxation recoverable		**2,334,564**	2,316,112
Cash and short-term deposits	(9)	**25,225,310**	50,486,935
		727,146,535	646,517,090
Total assets		**1,214,247,191**	1,121,697,430
Equity and liabilities			
Equity			
Share capital	(10)	**107,835,764**	107,835,764
Revaluation reserve	(11)	**48,198,190**	35,613,267
Retained profits		**407,505,519**	344,563,841
Total equity		**563,539,473**	488,012,872
Liabilities			
Non-current liabilities			
Borrowings	(12)	**201,339,829**	179,069,468
		201,339,829	179,069,468
Current liabilities			
Bank overdraft	(9 &13)	**31,000,391**	21,582,115
Short term borrowings	(12)	**50,000,000**	50,000,000
Other loans	(12)	**10,000,000**	46,510,000
Current portion of borrowings	(12)	**31,934,940**	20,213,280
Trade and other payables	(14)	**326,432,558**	316,309,695
		449,367,889	454,615,090
Total liabilities		**650,707,718**	633,684,558
Total equity and liabilities		**1,214,247,191**	1,121,697,430

The notes on the accompanying pages form an integral part of these financial statements.

Approved for issue by the Board of Directors on May 30, 2017 and signed on its behalf by:

______________________ Director
Winston Boothe

______________________ Director
Kurt Boothe

Statement of profit or loss and other comprehensive income
Year ended March 31, 2017

	Note	2017 $	2016 $
Revenue	(4c)	**1,714,019,129**	1,327,249,471
Cost of sales		**(1,303,288,753)**	(977,021,426)
Gross profit		**410,730,376**	350,228,045
Other income	(15)	**4,268,152**	1,020,180
Administrative expenses	(16)	**(152,221,210)**	(129,184,412)
Selling and promotional costs	(16)	**(102,582,344)**	(80,389,146)
Other operating expenses	(16)	**(2,478,264)**	(10,198,454)
Depreciation		**(22,134,714)**	(10,722,218)
Operating profit		**135,581,996**	120,753,995
Finance income	(18)	**95,404**	1,106,753
Finance cost	(18)	**(34,300,839)**	(23,509,349)
Loss on foreign exchange		**(743,304)**	(965,030)
Profit before tax		**100,633,257**	97,386,369
Income tax expense	(19)	**(60,000)**	(1,309,555)
Profit for the year		**100,573,257**	96,076,814
Other comprehensive income:			
Items that will not be reclassified subsequent to profit or loss			
Revaluation of land and buildings		**12,584,923**	-
		12,584,923	-
Total comprehensive income for the year		**113,158,180**	96,076,814
Earnings per share	(20)	**0.38**	0.37

The notes on the accompanying pages form an integral part of these financial statements.

Statement of changes in equity
Year ended March 31, 2017

	Share Capital $	Revaluation Reserve $	Retained Profits $	Total $
Balance at April 1, 2015	107,835,764	35,613,267	259,013,343	402,462,374
Dividends (Note 21)	-	-	(10,526,316)	(10,526,316)
Transactions with owners	-	-	(10,526,316)	(10,526,316)
Profit for the year 2016 being total comprehensive income	-	-	96,076,814	96,076,814
Balance at March 31, 2016	107,835,764	35,613,267	344,563,841	488,012,872
Dividends (Note 21)	-	-	(37,631,579)	(37,631,579)
Transactions with owners	-	-	(37,631,579)	(37,631,579)
Profit for the year	-	-	100,573,257	100,573,257
Other comprehensive income	-	12,584,923	-	12,584,923
Total comprehensive income	-	12,584,923	100,573,257	113,158,180
Balance at March 31, 2017	**107,835,764**	**48,198,190**	**407,505,519**	**563,539,473**

The notes on the accompanying pages form an integral part of these financial statements.

Statement of cash flows
Year ended March 31, 2017

	Note	2017 $	2016 $
Cash flows from operating activities:			
Profit before tax		**100,633,257**	97,386,369
Adjustments for:			
Depreciation and amortisation	(5&6)	**22,134,714**	10,722,218
Interest expense	(18)	**34,300,839**	23,509,349
Interest income	(18)	**(95,404)**	(1,106,753)
Loss on foreign exchange - other loans		**1,313,998**	2,080,230
		158,287,404	132,591,413
Increase in inventories		**(82,257,946)**	(20,723,704)
Increase in trade and other receivables		**(23,484,406)**	(41,900,931)
(Increase)/decrease in prepayments		**(130,266)**	681,927
Increase in trade and other payables		**10,122,863**	94,853,190
Cash generated from operations		**62,537,649**	165,501,895
Interest paid		**(34,300,839)**	(23,509,349)
Income taxes paid		**(60,000)**	(13,527,170)
Net cash provided by operating activities		**28,176,810**	128,465,376
Cash flows from investing activities:			
Interest received (net of withholding tax)		**76,952**	842,158
Additions to property, plant and equipment	(5)	**(19,484,975)**	(133,389,634)
Addition to intangible asset	(6)	**(1,985,132)**	(885,754)
Net cash used in investing activities		**(21,393,155)**	(133,433,230)
Cash flows from financing activities:			
Proceeds from borrowings		**161,870,000**	100,000,000
Repayment of borrowings		**(129,191,977)**	(105,783,914)
Repayment of other loans		**(36,510,000)**	-
Dividends paid		**(37,631,579)**	(10,526,316)
Net cash used in financing activities		**(41,463,556)**	(16,310,230)
Net decrease in cash and cash equivalents		**(34,679,901)**	(21,278,084)
Cash and cash equivalents at beginning of year		**28,904,820**	50,182,904
Cash and cash equivalents at end of year	(9)	**(5,775,081)**	28,904,820

The notes on the accompanying pages form an integral part of these financial statements.

Notes to the financial statements
March 31, 2017

1. Identification and activities

Medical Disposables & Supplies Limited is a limited liability company, and was 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 registered offices located at 83 Hagley Park Road, Kingston 10, Jamaica.

The main activity during the year was the sale of pharmaceutical, medical and other supplies.

2. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and have been prepared on the historical cost and accruals bases.

3. Changes in accounting policies

i New and revised standards, interpretations and amendments to published standards effective in the current year

Certain new and amended standards and interpretations to existing standards have been published and became effective during the current financial year. The company has assessed the relevance of all such new standards, interpretations and amendments and has determined that there is no material impact on the Company's financial statement.

IAS 1, 'Presentation of Financial Statements',
Amendments to IAS 1, *'Presentation of Financial Statements',* (effective for annual periods beginning on or after 1 January 2016). This amendment forms part of the IASB's Disclosure Initiative, which explores hoe financial statement disclosure can be improved. It clarifies guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendments also clarifies that the share of other comprehensive income (OCI) of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, classified between those items that will or will not be subsequently reclassified to profit or loss. There was no impact from the adoption of this amendment.

Amendments to IAS 16, 'Property, Plant and Equipment' and IAS 38,

Amendments to IAS 16, *'Property, Plant and Equipment' and IAS 38*, 'Intangible Assets' – Clarification of Acceptable Methods of Depreciation and Amortisation, (effective for the periods beginning on or after 1 January 2016). In these amendments, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. There was no impact from the adoption of this amendment, as the company does not use revenue-based depreciation or amortisation methods.

ii Standards, amendments and interpretations issued but not yet effective

At the date of approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been early adopted by the company.

Management anticipates that all relevant pronouncements will be adopted in the company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the company's financial statements are provided below:

IFRS 9 Financial Instruments' which is effective for annual periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement.

IFRS introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

The company plans to adopt the new standards on the required effective date. The company does not expect any significant impact on its financial statement except for the effect of applying the impairment requirements of IFRS 9. The company will be required to recognise an expected credit loss-based impairment on its trade receivables.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

IFRS 15 is effective for reporting periods beginning on or after January 1, 2018. The company's management has not yet assessed the impact of IFRS 15 on these financial statements.

IFRS 16 Leases (effective for annual reporting period beginning on or after January 1, 2019)

IFRS 16 will replace IAS 17 and three related interpretations.
Under IFRS 16, leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability. The company's management has not yet assessed the impact of IFRS 16 on its financial statement.

Annual Improvements

The Annual Improvements to IFRSs 2014 - 2016 made several minor amendments to a number of IFRSs. The Annual Improvements are effective for periods beginning on or after January 1, 2017. There was no material impact and management does not anticipate a material impact on the company's financial statements from these Amendments which are effective and those that are to become effective.

4. Summary of significant accounting policies

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

a. Property, plant and equipment

(i) Property, plant and equipment are carried at cost or fair value less accumulated depreciation and impairment losses.

(ii) Land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation less accumulated depreciation and accumulated impairment losses, if any. Fair value are based on appraisals prepared by external professional valuators once every (3) years, or more frequently, if market factors indicate a material change in fair value. Any surplus arising on revaluation of land and buildings is recognised in other comprehensive income and credited to revaluation reserve in equity. To the extent that any decrease or impairment loss had previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the increase recognised in other comprehensive income.

Downward revaluations of land and buildings are recognised upon revaluation or impairment testing, with the decrease being charged to other comprehensive income to the extent of any surplus in equity relating to this asset and any remaining decrease recognised in profit or loss.

Land and building purchased during the previous financial year is carried at cost. Cost comprises acquisition price including construction cost and borrowing costs capitalised.

(iii) Depreciation is charged on assets from the date of acquisition.

Depreciation is provided on the straight line basis at such rates as will write off the cost of various assets over the period of their expected useful lives.

The following useful lives are applied:

Furniture, fixtures and equipment	10 – 20%
Computers	20%
Motor vehicles	20%
Buildings	2.5%

(iv) Repairs and renewal

The costs of repairs and renewals which do not enhance the value of existing assets are written off to profit or loss as they are incurred.

b Inventories

Inventories are stated at the lower of cost, determined on the average cost basis, and net realisable value. Costs of inventory comprise cost of pharmaceuticals and supplies plus applicable charges; net realisable value is based upon estimated selling price less cost to sell.

c Revenue recognition

Revenue arises from the sale of goods. It is measured at the fair value of consideration received or receivable, excluding General Consumption Tax, trade discounts or rebates.

A sale of goods is recognised when the company has transferred to the buyer the significant risk and rewards of ownership, generally when the customer accepts undisputed delivery of the goods.

d Finance and other Income

Finance and other income comprise interest earned on short-term investments and miscellaneous income. Income is recognised on the basis of agreements in place or when it has been transferred to the third parties.

e Foreign currency translation

Functional and presentation currency

The financial statements are prepared and presented in Jamaican dollars, which is the functional currency of the company.

Foreign currency translations and balances

(i) Foreign currency balances at the end of the reporting period have been translated at rates of exchange ruling at that date.

(ii) Transactions in foreign currency are converted at rates of exchange ruling at the dates of those transactions.

(iii) Gains/losses arising from fluctuations in exchange rates are included in profit or loss.

f Cash and cash equivalents

The above comprise cash on hand and demand deposits together with other short-term highly liquid investments maturing within ninety (90) days from the date of acquisition that are readily convertible in known amounts of cash and bank overdraft.

g Income tax

Income tax on the results for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using the tax rate enacted at statement of financial position date, and any adjustments to tax payable in respect of previous years.

Deferred tax is accounted for using the liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for taxable differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary difference can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability settled. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it is related to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

h Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss;
- held-to-maturity investments; and
- available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'finance income', and 'finance costs' except for impairment of trade receivables which is presented within 'other operating expenses'.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. A provision for doubtful debt is recognised when there is an indication that the debt is impaired. Impairment of trade receivables are presented within 'other operating expenses'.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. None of the company's financial assets fall into this category.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the company has the intention and ability to hold them until maturity. None of the company's financial assets fall into this category.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. None of the company's financial assets fall into this category.

Financial liabilities

The company's financial liabilities include borrowings and trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'finance costs' or 'finance income'.

i Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

j Impairment

The company's property, plant and equipment are subject to impairment testing.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the assets or cash-generating units carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

k Intangible asset – computer software

Computer software is capitalised on the basis of the costs incurred to acquire and install the specific software.

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in note 4j. The useful lives approximate to five (5) years. The initial amortisation period will commence in the month following capitalisation.

Subsequent expenditures on the maintenance of computer software are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

l Equity, reserves and dividend payments

Share capital is determined using the par value of shares that have been issued and any premiums received on the initial issuing of shares. Any transaction costs associated with the issuing of shares are deducted from premiums received.

Revaluation reserve comprises the accumulated surplus arising on the revaluation of property, plant and equipment.

Retained profits include all current and prior period results as disclosed in the statement of comprehensive income.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved by the shareholders prior to the reporting date.

m Leases

Finance Leases

In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease.

Subsequent accounting for assets held under finance lease agreements, that is, depreciation methods and useful lives, correspond to those applied to comparable acquired assets. The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed to finance costs. Finance charges represent a constant periodic rate of interest on the outstanding balance of the finance lease liability.

Operating Leases

All other leases are treated as operating leases. Where the company is a lessee, payments under operating leases are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

n Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin. Expenditure for warranties is recognised and charged against the associated provision when the related revenue is recognised.

o Comparative information

Certain prior year figures have been restated to conform to current year's presentation.

p Significant management judgement in applying accounting policies and estimation

Use of estimates and judgements

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts reported in the financial statements. These estimates are based on historical experience and management's best knowledge of current events and actions. Actual results may differ from these estimates and assumptions.

There were no critical judgements, apart from those involving estimation, that management has made in the process of applying the company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

(i) Depreciation of property, plant and equipment and amortisation of intangible assets.

Depreciation is provided so as to write down the respective assets to their residual values over their expected useful lives and, as such, the selection of the estimated useful lives and the expected residual values of the assets require the use of estimates and judgements. Details of the estimated useful lives are as shown in Note 4(a).

(ii) Taxation

The company is required to estimate income tax payable to Tax Administration Jamaica on any profit derived from operations (Note 18). This requires an estimation of the current tax liability together with an assessment of the temporary differences which arise as a consequence of different accounting and tax treatments. These temporary differences result in deferred tax assets or liabilities which are included in the statement of financial position. Deferred tax assets and liabilities are measured using the enacted tax rate at the date of that statement of financial position.

If the tax eventually payable or recoverable differs from the amounts originally estimated then the difference will be accounted for in the accounts in the year such determination is made.

(iii) Impairment

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the valuation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

q Interest income and expense

Interest income and expense are recognised in the statement of comprehensive income on an accrual basis using the effective interest method.

r Short-term employee benefits

Short-term employee benefits including holiday entitlement are current liabilities included in accruals, measured at the undiscounted amount that the company expects to pay as a result of the unused entitlement.

s Operating segments

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the Chief Operating Decision Makers to make decisions about resources to be allocated to the segments and assess its performance.

The company has two operating segments, pharmaceutical, medical and other supplies.

5. Property, plant and equipment comprise:

The carrying amounts for property, plant and equipment for the period included in these financial statements as at March 31, 2017 can be analysed as follows:

	Land and Buildings $	Construction In Progress $	Leasehold Improvement $	Furniture Fixtures and Equipment $	Computers $	Motor Vehicles $	Total $
Gross carrying amount							
Balance at April 1, 2016	410,703,304	-	2,826,409	59,243,027	7,023,936	28,557,136	508,353,812
Additions	2,717,309	9,645,760	-	6,001,494	1,120,412	-	19,484,975
Revaluation surplus	12,584,923	-	-	-	-	-	12,584,923
Revaluation adjustment	(13,805,536)	-	-	-	-	-	(13,805,536)
Balance at March 31, 2017	**412,200,000**	**9,645,760**	**2,826,409**	**65,244,521**	**8,144,348**	**28,557,136**	**526,618,174**
Depreciation							
Balance at April 1, 2016	(4,445,021)	-	(605,513)	(11,421,712)	(4,290,478)	(14,767,883)	(35,530,607)
Revaluation adjustment	13,805,536	-	-	-	-	-	13,805,536
Charge for the year	(9,360,515)	-	(141,320)	(6,056,436)	(265,207)	(4,572,530)	(20,396,008)
Balance at March 31, 2017	**-**	**-**	**(746,833)**	**(17,478,148)**	**(4,555,685)**	**(19,340,413)**	**(42,121,079)**
Carrying amount at March 31, 2017	**412,200,000**	**9,645,760**	**2,079,576**	**47,766,373**	**3,588,663**	**9,216,723**	**484,497,095**

i Land and buildings were revalued by independent valuators, David Thwaites and Associates, Chartered Valuation Surveyors, on April 21, 2017 and May 24, 2017. The resulting increase in valuation has been credited to revaluation reserve in equity.

ii Under the cost model, the carrying amount of revalued land and buildings at reporting date would be $270,280,281 (2016 - $276,965,319).

iii Land, buildings and certain motor vehicles have been pledged as security for loans received from a financial institution (Note 12 (i) & (ii)).

5. Property, plant and equipment comprise (cont'd):

	Land and Buildings $	Leasehold Improvement $	Furniture Fixtures and Equipment $	Computers $	Motor Vehicles $	Total $
Gross carrying amount						
Balance at April 1, 2016	321,371,903	2,164,756	18,864,977	4,005,406	28,557,136	374,964,178
Additions	89,331,401	661,653	40,348,745	3,047,835	-	133,389,634
Transfer	-	-	29,305	(29,305)	-	-
Balance at March 31, 2016	410,703,304	2,826,409	59,243,027	7,023,936	28,557,136	508,353,812
Depreciation						
Balance at April 1, 2016	(1,212,500)	(491,136)	(8,828,383)	(3,873,906)	(10,593,560)	(24,999,485)
Charge for the year	(3,232,521)	(114,377)	(2,593,329)	(416,572)	(4,174,323)	(10,531,122)
Balance at March 31, 2016	(4,445,021)	(605,513)	(11,421,712)	(4,290,478)	(14,767,883)	(35,530,607)
Carrying amount at March 31, 2016	406,258,283	2,220,896	47,821,315	2,733,458	13,789,253	472,823,205

6. Intangible assets – software

Details of intangible assets and their carrying amounts are as follows:

	Acquired Software $	Total $
Gross carrying amount		
Balance at April 1, 2016	5,341,476	5,341,476
Addition	1,985,132	1,985,132
Balance at March 31, 2017	**7,326,608**	**7,326,608**
Amortisation		
Balance at April 1, 2016	(2,984,341)	(2,984,341)
Charge for year	(1,738,706)	(1,738,706)
Balance at March 31, 2017	**(4,723,047)**	**(4,723,047)**
Carrying amount at March 31, 2017	**2,603,561**	**2,603,561**

	Acquired Software $	Total $
Gross carrying amount		
Balance at April 1, 2015	4,455,722	4,455,722
Addition	885,754	885,754
Balance at March 31, 2016	5,341,476	5,341,476
Amortisation		
Balance at April 1, 2015	(2,793,245)	(2,793,245)
Charge for year	(191,096)	(191,096)
Balance at March 31, 2016	(2,984,341)	(2,984,341)
Carrying amount at March 31, 2016	2,357,135	2,357,135

7. Inventories

	2017 $	2016 $
Pharmaceuticals	**269,535,669**	206,128,238
Medical and other supplies	**60,161,450**	43,586,483
Goods in transit	**39,685,575**	37,410,027
Total	**369,382,694**	287,124,748

The cost of inventories recognised as an expense during the year was $1,303,288,753 (2016 - $977,021,426). This includes $2,224,293 (2016 - $1,466,319) in respect of expired items and write-downs to net realisable value.

8. Trade and other receivables

	2017 $	2016 $
Trade	**297,646,263**	286,826,238
Less: Specific provision for doubtful debts	**(24,136,532)**	(24,957,201)
	273,509,731	261,869,037
Other	**51,115,106**	39,271,394
Total	**324,624,837**	301,140,431

All amounts are short-term and the carrying value is considered a reasonable approximation of fair value.

Bad debt specific provision is as follows:

	2017 $	2016 $
Balance at beginning of year	**24,957,201**	14,697,004
Receivables recovered during the year	**(5,585,595)**	(3,655,666)
Increase in provision during the year	**8,160,275**	14,312,820
Receivables written off during the year	**(3,395,349)**	(396,957)
Balance at end of year	**24,136,532**	24,957,201

9. Cash and cash equivalents

	Interest Rate % p.a.	2017 $	2016 $
Cash and short-term deposits:			
Bank and cash:			
Petty Cash		**30,000**	30,000
- J$ Current account		**10,878,393**	13,450,837
- US$ Savings account (US$108,670 - (2016 – US$69,827))	0.01 – 0.05	**14,155,474**	8,497,999
Sterling savings account (£321) - (2016 - £321))	0.05	**50,914**	55,389
Cash at bank and in hand		**25,114,781**	22,034,225
Short-term deposits	2.0 - 2.85	**110,529**	28,452,710
Total cash and short-term deposits		**25,225,310**	50,486,935
Less: Bank overdraft (Note 13)		**(31,000,391)**	(21,582,115)
Total cash and cash equivalents		**(5,775,081)**	28,904,820

Included in cash and cash equivalents is $8,714,403 (2016 - $7,957,190) which represents amounts held for a major supplier (Note 14).

10. Share capital

	2017 $	2016 $
Authorised:		
408,000,000 ordinary shares (2017 - 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 year	**107,835,764**	107,835,764

11. Revaluation reserve

	2017 $	2016 $
Balance at beginning of year representing:		
Unrealised surplus arising on the revaluation of: – Land	**10,386,942**	10,386,942
– Buildings	**25,226,325**	25,226,325
	35,613,267	35,613,267
Surplus on revaluation of land and buildings	**12,584,923**	-
Balance at end of year	**48,198,190**	35,613,267

12. Borrowings

	2017 $	2016 $
Loans –		
i Bank of Nova Scotia (BNS) – Non-revolving loan	**233,274,769**	199,282,748
	233,274,769	199,282,748
Less: Current portion	**31,934,940**	20,213,280
	201,339,829	179,069,468
ii Short-term borrowings – revolving loan	**50,000,000**	50,000,000
iii Other Loans	**10,000,000**	46,510,000

i (a) A loan of $1.7 million was received November 29, 2011 towards the purchase of a 2011 Nissan Urvan Panel Van to be repaid over a period of sixty (60) months.

Interest is fixed at a rate of thirteen percent (13%) per annum for a period of twenty four (24) months which commenced November 29, 2011; thereafter the rate payable on the principal balance outstanding from time to time will be at the bank's base lending rate existing at the time. The loan was repaid during the year.

(b) A loan of $5 million was received September 29, 2014 towards the purchase of a 2014 Mercedes Benz to be repaid over a period of sixty (60) months. Interest is fixed at a rate of eight point five percent (8.5%) per annum for a period of twenty four (24) months to expire April 30, 2018; thereafter the rate will be amended to the Weighted Average Treasury Bill Yield (WATBY) of the most recent six (6) months Bank of Jamaica Treasury Bill tender plus 2.95% per annum, with quarterly resets effective January 1, April 1, July 1 and October 1.

The rate will be capped at the Bank's Base lending rate currently fifteen point seven five percent (15.75%) less four percent (4%). The loan will mature on September 29, 2019, when full repayment is expected.

(c) A loan of $200 million was received January 2, 2015 towards the purchase of commercial real estate. The loan is for a period of sixty (60) months with twelve (12) months moratorium on principal payments. Interest is fixed at a rate of eight point five percent (8.5%) per annum to expire April 30, 2018; a fixed rate of 10 percent (10%) per annum. The loan repayment is to commence twelve months after drawdown and will mature sixty (60) months after drawdown, when the loan is to be fully repaid.

(d) Loans of $25,000,000 and $36,870,000 were received during the year. The loans are repayable by fifty nine (59) monthly payments of $208,330 and $307,250 plus one final payment of $12,708,530 and $18,742,250 respectively. The loan repayment is to commence one month after drawdown. Interest on the loan is fixed at a rate of eight point five percent (8.5%) per annum for a period of twenty-four (24) months. Thereafter the Weighted Average Treasury Bill (WATBY) of the most recent (6) months Bank of Jamaica Treasury Bill tender plus 2.95% per annum with quarterly resets effective January 1, April 1, July 1 and October 1. The rate will be capped at the Bank's Base lending rate, currently fifteen point seven five percent (15.75%) less four percent (4%) subject to revision anytime.

ii The revolving loans bear interest at rates of nine point five (9.5%) per annum and mature within 180 days from the loan drawdown date.

Bank loans and overdraft are secured by:

a. Demand debenture stamped for an aggregate of $434,050,000 creating first charge over fixed and floating assets of the company's supported by:

   – First and second Legal Mortgage stamped for an aggregate of $61,000,000 collateral to debenture over commercial properties of units #25, 26 and 27, located at 85 Hagley Park Road, Kingston 10, registered at Volume 1327 Folios 620 and 621 and Volume 1312 and Folio 165 in the name of Medical Disposables and Supplies Limited and having an appraised value of $79,554,000.

   – First Legal Mortgage stamped for $210,000,000 over commercial property located at 83 Hagley Park Road, Kingston 10 registered at Volume 1066 Folio 337 and 338 in the name of Medical Disposables and Supplies Limited with an appraised value of $290,000,000.

   – Second Legal Mortgage stamped to cover $75,050,000 over Commercial Property located at 83 Hagley Park Road, Kingston 10, Volume 1066 Folio 337 and 338 and having appraised value of $290,000,000.

b. Assignment of All Risk Peril Insurance policy totalling $593,050,000 held endorsed in favour of the Bank, to cover the replacement of buildings, machinery, equipment and inventory located at Units 25 – 27 at the Domes, 85 Hagley Park Road, Kingston 10 to expire May 7, 2017.

c. Assignment of policy – Collateral to Composite Debenture in the amount of $89,000,000.

d. Bill of sale over 2014 Mercedes Benz Sedan Motor Vehicle stamped to cover $5,000,000.

e. Comprehensive insurance over 2014 Mercedes Benz Sedan Motor Vehicle, in the amount of $11,495,000 endorsed in favour of the bank.

f. Bill of sale over 2011 Nissan Urvan Panel Van stamped to cover $1,700,000.

g. Comprehensive insurance over 2011 Nissan Urvan Panel Van in the amount of $2,739,400 endorsed in favour of the bank.

   – Third Legal Mortgage stamped to cover $25,000,000 over commercial property located at 83 Hagley park Road, Kingston 10. Volume 1066, Folio 337 and having an appraised value of $290,000,000.

iii This represents loans from third parties of J$10,000,000 and US$300,000 (J$36,510,000) that are unsecured and bear interest at rates of ten point three percent (10.3%) and ten percent (10%) per annum, respectively.

The loan amounting to J$10,000,000 has no fixed repayment term.

The loan amounting to US$300,000 was repaid during the year:

13. Bank overdraft

The company has an overdraft facility of $125,000,000 which bears interest at the Bank's Base Lending Rate currently fifteen point seven five percent (15.75%) per annum less five point seven five percent (5.75%), being ten percent (10%) per annum. The securities held are disclosed at Note 12.

14. Trade and other payables

	2017 $	2016 $
Trade	**276,843,724**	266,654,250
Accruals	**14,080,089**	12,115,885
Interest accrued	**-**	257,500
Other	**35,508,745**	37,282,060
Total	**326,432,558**	316,309,695

Included in other payables is $8,714,403 (2016 - $7,957,190) which represents balances held for a major supplier. The amount is represented by the balance included in the company's cash and cash equivalents (Note 9).

All amounts are short-term and the carrying value is considered a reasonable approximation of fair value.

15. Other income

	2017 $	2016 $
Warehousing service fee	**4,268,152**	1,020,180
Total	**4,268,152**	1,020,180

The company entered into a Warehousing Service Agreement with a supplier to provide warehousing and other ancillary services for their customers at a cost of US$2,800 per month.

16. Expenses by nature

Total administrative and other operating expenses

	2017 $	2016 $
Cost of inventory recognised as expense	**1,303,288,753**	977,021,426
Administrative and other expenses		
Directors' remuneration	**20,456,272**	20,070,856
Directors' fees	**1,855,000**	1,625,000
Salaries, wages and related expenses (Note 17)	**53,016,549**	44,354,197
Medical and other staff benefits (Note 17)	**6,811,261**	5,853,272
Insurance	**5,860,292**	5,673,136
Legal and professional fees	**9,790,954**	5,636,794
Motor vehicle expenses	**8,027,268**	8,293,201
Auditors' remuneration	**2,642,753**	2,454,932
Utilities	**11,226,209**	8,684,342
Printing and stationery	**5,147,078**	4,505,002
Donations	**2,479,131**	2,545,749
Security	**3,952,132**	1,163,900
Bank charges	**8,153,212**	4,651,946
Other administrative expenses	**12,803,099**	13,672,085
	152,221,210	129,184,412

	2017 $	2016 $
Selling and promotional costs		
Salaries, wages and related expenses (Note 17)	**37,085,041**	28,711,234
Travelling and entertainment	**6,885,635**	5,283,217
Postage and courier service	**11,432,547**	8,794,178
Advertising and promotion	**10,742,685**	6,882,896
Commission	**36,436,436**	30,717,621
	102,582,344	80,389,146
Other operating expenses		
Bad debt (Net)	**2,478,264**	10,198,454
	2,478,264	10,198,454

17. Employee benefits

	2017 $	2016 $
Salaries, wages and related expenses		
- Administrative and other expenses	**53,016,549**	44,354,197
- Selling and promotional costs	**37,085,041**	28,711,234
Medical and other staff benefits	**6,811,261**	5,853,272
Total	**96,912,851**	78,918,703

The average number of employees at year-end was fifty-two (52), (2016 – fifty-one (51)).

18. Finance income and finance cost

Finance income comprises:

	2017 $	2016 $
Interest income on financial assets measured at amortised cost	**95,404**	1,106,753
Total	**95,404**	1,106,753

Finance cost comprises:

	2017 $	2016 $
Interest expense for borrowings measured at amortised cost	**34,300,839**	23,509,349
Total	**34,300,839**	23,509,349

19. Income tax

The company's shares were listed on the Jamaica Stock Exchange Junior Market (JSE Junior Market) on December 24, 2013. As a result, the company is entitled to a remission of taxes for an allowable period not exceeding ten (10) years from the date of the listing on the JSE Junior Market, provided the shares remain listed for at least fifteen (15) years. The remissions of taxes are applicable as follows:

Years 1 to 5	100%
Years 6 to 10	50%

The financial statements have been prepared on the basis that the company will have the full benefit of the tax remissions. However, the Minister of Finance amended the Income Tax Act requiring all companies, with the exception of charities and individuals with gross revenue below $5 million, to pay a Minimum Business Tax of $60,000.

i Income tax adjusted for tax purposes and computed at the tax rate of 25% comprise:

	2017 $	2016 $
Current tax	**-**	-
Minimum Business Tax	**60,000**	60,000
Deferred	**-**	-
Prior year adjustment	**-**	1,249,555
Total	**60,000**	1,309,555

Prior year adjustment represents under provision of tax liability for prior years.

ii Reconciliation of theoretical tax charge to effective tax charge:

	2017 $	2016 $
Profit before tax	**100,633,257**	97,386,369
Tax at the applicable tax rate of 25% - (2016 - 25%)	-	-
Tax effect of expenses not deductible for tax purposes	-	-
Tax effect of income not subject to tax	-	-
Tax effect of allowable capital allowances	-	-
Tax effect of other allowances and charges	-	-
Minimum Business Tax	**60,000**	60,000
Prior year adjustment	**-**	1,249,555
Income tax for the year	**60,000**	1,309,555

20. Earnings per share

Basic earnings per share is calculated by dividing profit for the year by the number of ordinary shares in issue 263,157,895 (2016 – 263,157,895).

21. Dividends

During the year the company paid final dividends for the financial year 2017 of $37,631,579(2016-$10,526,316) to its equity shareholders. This represents a payment of $0.05 (2016 – $0.04) per share.

22. Segment reporting

Segment information for the reporting period are as follows:

	Pharmaceutical $	Medical & Others $	Total $
Revenue	1,547,398,763	166,620,366	1,714,019,129
Less: Cost of sales	1,196,560,286	106,728,467	1,303,288,753
Gross profit	350,838,477	59,891,899	410,730,376

23. Operating lease

The company leases some of its offices under an operating lease. The future minimum lease payments at the end of the reporting period are as follows:

	Within One Year $	Two to Five Years $	Total $
2017	1,333,200	1,333,200	2,666,400

Lease expense during the year amounted to $1,333,200 (2016 - $3,663,200). The company entered into a new leasing arrangement during the year.

24. Related party balances and transactions

i A party is related to the company if:

a Directly, or indirectly through one or more intermediaries, the party:

- Is controlled by, or is under common control with the entity;
- Has an interest in the company that gives it significant influence over the entity; or
- Has joint control over the company.

b The party is an associate;

c The party is a joint venture in which the company is a venturer;

d The party is a member of the key management personnel of the entity or its parent;

e The party is a close member of the family of any individual referred to in (a) or (d);

f The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

g The party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the entity.

ii The statement of financial position includes balances arising in the normal course of business, with related parties as follows:

	2017 $	2016 $
Included in trade and other receivables	**836,171**	1,152,931

iii Transactions with key management personnel

Transaction with key management includes executive members of the board.

	2017 $	2016 $
Short-term employee benefits – Salaries including bonuses	**20,456,272**	20,070,856
Total	**20,456,272**	20,070,856

iv The statement of profit or loss and other comprehensive income includes transactions with companies controlled by Directors and other key management personnel.

	2017 **$**	2016 $
Sales	**10,392,042**	10,332,685
Directors' fees	**1,855,000**	1,625,000
Professional fees	**953,145**	-

25. Risk management policies

The company's activities expose it to a variety of financial risks in respect of its financial instruments: market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The company seeks to manage these risks by close monitoring of each class of its financial instruments as follows:

a Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risk, which result from both its operating and investing activities.

i Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The company is exposed to currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the Jamaican Dollar. Foreign currency bank accounts denominated in United States Dollars (US$) and Great Britain pounds (£) are maintained to minimise these risks.

Foreign currency denominated financial assets and liabilities which expose the company to currency risk are described below. The amounts shown are those reported to key management translated into J$ at the closing rate.

Concentrations of currency risk

	2017 **US$** **J$**	2016 US$ J$
Financial assets		
- Cash and cash equivalents	**108,670**	69,827
	108,670	69,827
Financial liabilities		
- Trade payables	**(856,364)**	(537,976)
- Borrowings	**-**	(300,000)
	(856,364)	(837,976)
Total net liability	**(747,694)**	(768,149)

The above assets/(liabilities) are receivable/payable in United States dollars (US$) and Jamaican Dollars (J$). The exchange rate applicable at the end of the reporting period is J$128.22 to US$1 (2016 – J$121.70 to US$1).

Foreign currency sensitivity

The following table illustrates the sensitivity of the net result for the year end and equity with regards to the company's financial assets and financial liabilities and US Dollar to Jamaican (JA) Dollar exchange rate. Only movements between the Jamaican Dollar and US Dollar are considered, as these are the two major currencies of the company.

The sensitivity analysis is based on the company's United States Dollar financial instruments at the statement of financial position date.

Effect on results of operations:

If the JA Dollar weakens by 6% (2016 – 6%) against the US Dollar then this would have the effect of the amounts shown below on the basis that all other variables remain constant.

	Rate %	Weakens $
2017	**6**	**(5,738,85**
2016	6	(5,609,02

If the JA Dollar strengthens against the US Dollar by 1% (2016 – 1%) this would have the following impact:

	Rate %	Strengthens $
2017	**1**	**956,475**
2016	1	934,838

ii Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The company's cash and cash equivalents are subject to interest rate risk. However, the company attempts to manage this risk by monitoring its interest-bearing instruments closely and procuring the most advantageous rates under contracts with interest rates that are fixed for the life of the contract, where possible.

The company invests excess cash in short-term deposits and maintains interest-earning bank accounts with licensed financial institutions. Short-term deposits are invested for three (3) months or less at fixed interest rates and are not affected by fluctuations in market interest rates up to the dates of maturity. Interest rates on interest-earning bank accounts are not fixed but are subject to fluctuations based on prevailing market rates.

Interest rate sensitivity

Interest rates on the company's short term deposits and loans are fixed up to the date of maturity and interest rates for a period of twenty four (24) months expiring at varying dates beginning April 30, 2018. As such there would be no material impact on the results of the company's operations as a result of fluctuations in interest rates.

iii Other price risk

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The company's financial instruments are substantially independent of changes in market prices as they are short-term in nature.

b Credit risk

The company faces credit risk in respect of its receivables and cash and cash equivalents. However, this risk is controlled by close monitoring of these assets by the company. In addition, cash and cash equivalents are maintained with licensed financial institutions considered to be stable. Savings and current accounts held at commercial banks are insured under the Jamaica Deposit Insurance Scheme (JDIS). At the date of the statement of financial position a maximum of $600,000 per commercial bank is insured under the JDIS.

The maximum credit risk faced by the company is limited to the carrying amount of financial assets recognised at the statement of financial position date, as summarised below:

	2017 **$**	2016 $
Trade and other receivables	**324,624,837**	296,847,473
Cash and cash equivalents	**25,195,310**	50,456,935
Total	**349,820,147**	347,304,408

The age of trade and other receivables past due but not impaired is as follows:

	2017 **$**	2016 $
Not more than 3 months	**251,921,602**	229,807,805
More than 3 months but not more than 6 months	**13,857,116**	9,599,762
More than 6 months but not more than 1 year	**7,468,111**	22,461,470
More than 1 year	**263,902**	-
Total	**273,509,731**	261,869,037

The company does not require collateral or other credit enhancements in respect of trade and other receivables.

c Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting its commitments associated with financial liabilities.

The company manages its liquidity risk by carefully monitoring its cash outflow needs for day-to-day business and maintaining an appropriate level of resources in liquid or near liquid form to meet its needs. The company maintains cash and short-term deposits for up to three months or less to meet its liquidity requirements.

As at March 31, 2017, the company's non-derivative financial liabilities have contractually Maturities (including interest payments where applicable) as summarized below:

	Current Within12 Months $	Non current 2 to 5 Years $
Borrowings	**43,973,461**	**109,208,374**
Bank overdraft	**31,000,391**	**-**
Short-term borrowings	**51,443,750**	**-**
Other loans	**10,000,000**	**-**
Trade and other payables	**326,432,558**	**-**
Total	**462,850,160**	**109,208,374**

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting period.

This compares to the maturity of the company's non-derivative financial liabilities in the Previous reporting period as follows:

	Current Within12 Months $	Non current 2 to 5 Years $
Borrowings	33,313,533	111,786,448
Bank overdraft	21,582,115	-
Short-term borrowings	51,650,000	-
Other loans	50,161,000	-
Trade and other payables	316,309,695	-
Total	473,016,343	111,786,448

26. Fair value measurement

i The Company's financial assets and liabilities are measured at amortised costs, and the fair values for these are disclosed at Note 27.

ii Fair value of non-financial assets.

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at March 31, 2017:

March 31, 2017	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Property, plant and equipment				
Land and buildings	-	-	412,200,000	412,200,000
Total	**-**	**-**	**412,200,000**	**412,200,000**

Fair value of the company's land and buildings is estimated based on an appraisal by a professionally qualified valuator. The significant inputs and assumptions are developed in close consultation with management.

Land and buildings (Level 3).

The appraisal was carried out using a market approach that reflects observed prices for market transactions and incorporates adjustments for factors specific to the company's property, including size, location, encumbrances and current use of the property. Land and buildings at 85 Hagley Park Road, Kingston 10, were revalued on April 21, 2017.

Reconciliation of the opening and closing balances of the company's land and buildings:

	2017 $
Balance at April 1, 2016	**410,703,304**
Additions	**2,717,309**
Revaluation adjustment	**12,584,923**
Depreciation	**(13,805,536)**
Balance at March 31, 2017	**412,200,000**

27. Summary of financial assets and liabilities by category

The carrying amount of the company's financial assets and liabilities recognised at the statement of financial position date may be categorised as follows:

	2017 $	2016 $
Financial assets		
Financial assets measured at amortised cost		
Loans and receivables		
Trade and other receivables	**324,624,837**	301,140,431
Cash and short-term deposits	**25,225,310**	50,486,935
Total	**349,850,147**	351,627,366
Financial liabilities		
Financial liabilities measured at amortised cost		
Non-current liabilities		
Borrowings	**201,339,829**	179,069,468
Current liabilities		
Bank overdraft	**31,000,391**	21,582,115
Short term borrowings	**50,000,000**	50,000,000
Other loans	**10,000,000**	46,510,000
Trade and other payables	**326,432,558**	316,309,695
Current portion of borrowings	**31,934,940**	20,213,280
Total	**650,707,718**	633,684,558

28. Capital management, policies and procedures

The company's capital management objectives are to ensure the company's ability to continue as a going concern and to sustain future development of the business. The company's Board of Directors reviews the financial position of the company at regular meetings.

The company maintains a minimum tangible net worth of $300 Million, which is in line with the covenant included in the terms of the agreement for its borrowings. There are no other externally imposed capital requirements.

There was no change to the company's approach to capital management polices during the year.

Mair Russell
Grant Thornton

www.gtjamaica.com

FORM OF PROXY

MEDICAL DISPOSABLES & SUPPLIES LIMITED

$100 POSTAGE STAMP
Affix Here

I/We,

....(insert name)

of ....

.... (address)

being a shareholder(s) of the above-named Company, hereby appoint:

....(proxy name)

of .... (address)

or failing him, ... (alternate proxy)

of .... (address)

This Form is to be used as instructed. Unless otherwise instructed the Proxy Form will be used as he/she thinks fit. Please tick appropriate box.

	FOR	AGAINST
RESOLUTION 1		
RESOLUTION 2		
RESOLUTION 3		
RESOLUTION 4		
RESOLUTION 5		
RESOLUTION 6		
RESOLUTION 7		
RESOLUTION 8		
RESOLUTION 9		

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 11:00 a.m. on the 26th day of September 2017 at the Courtleigh Hotel & Suites, 85 Knutsford Boulevard, Kingston 5 and at any adjournment thereof.

Signed this .... day of 2017

Print Name .... Signature: ....

NOTES:

1. When completed, this Form of Proxy must be received by the Registrar of the Company, Jamaica Central Securities Depository, 40 Harbour Street, Kingston, Jamaica, W.I. not less than forty-eight (48) hours before the time for holding the meeting.
2. The Proxy Form should bear stamp duty of $100.00 which may be adhesive and duly cancelled by the persons signing the proxy form.
3. If the appointer is a Corporation, this Form of Proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.

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