Work of HEART

2018 ANNUAL REPORT

MDS
MEDICAL DISPOSABLES
& SUPPLIES LIMITED
Taking Care...

Mission. Vision. Heart

The association between business success and its general modus operandi rooted in ruthlessness and unethical practises has developed into a commonly held view, often further perpetuated by Hollywood feature films. Decisions are often shown as being made from a purely cognitive assessment and solely on the enormity of financial gain. It is not very popular to purport the incorporation of heart, let alone include that thought on the cover of our Annual Report. But, we wore our heart on this year's sleeve because we believe passionately that behind all the facts and figures, behind all the strategies and projections, lies our greatest source of influence -- our love for what we do. While we strongly insert our cognitive skills in our operational verdicts and continue to base our calculated plans on the precepts of research, we also strongly believe in the power of heart. It is as crucial to running the MDS body as it is to the functioning of your physical form. We like to think that 'Health is Where Your Heart is', and we are here to take care of just that. We hope that you, too, subscribe to the notion that "Whatever you do, work at it with all your heart."

MISSION

Beat The Best!

VISION

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

Contents

Company History: Where It All Started	4
Work of Heart Milestones	4
Chairman's Message	6
GM's Message	9
Corporate Data	10
Notice of the Annual General Meeting	11
What's New at MDS	12
The Board of Directors	14
Directors' Report	16
Directors' Profiles	16
The Leadership Team	19
Shareholdings	21
What's New at MDS - 2	22
Corporate Governance	23
Management Discussion & Analysis	30
Financial Highlights	31
Five-Year Financial Review	32
Human Resources Report	36
Corporate Social Responsibility	37
Auditor's Report	41
Audited Financial Statements	45
Form of Proxy	

CORE VALUES

Fulfilled Employees

Quality Assurance

Contented Affiliates

Premium Service

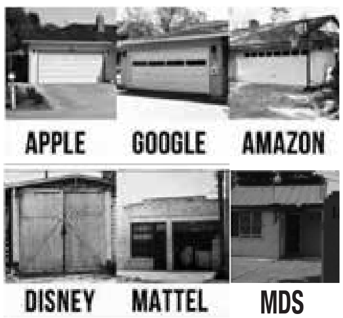
Delighted Customers

Social Responsibility

Company History

What happens when you start with the heart...

It is no secret that some of the world's most beloved brands were housed in modest beginnings. Apple, Google, Amazon, Disney and Mattel are all powerful, industry-leading brands that would seem to have everything working in their favour; so much so that it is hard to reckon a period in time when, what now seems like everything, started from virtually nothing. With a garage incubating their initial dreams, it is awe inspiring to know that their limitations could not dwarf their giant undertakings.



Similar to their beginning, MDS began as just an ambitious vision, driven around in its roving office - the trunk of a blue Volvo 850 - and later housed in a small room of a building at 18 Westminister Road. Now, a listed company on the Junior Market of the Jamaica Stock Exchange and domiciled on its own property, any windows of opportunity that we now have were opened, in part, as a result of what felt like closed doors in the earlier years.

Much credit rests at the feet of its founder - a lone nurse - whose formal training at UHWI, subsequent years in the medical profession and commercial experience at the island's leading distributor in the industry are likely to be perceived as the major contributing factors to the founding of MDS in 1998 and the Company's advancement. Though this is true, a deeper exploration transports us decades earlier to a little girl who was conditioned to take care of her younger brother and those around her from the age of five (5) after the tragic and untimely passing of her breadwinning father. These personal and professional areas of supervision have led to the super vision of what we call MDS. And, the compassionate trait that developed in that five-year-old girl has followed the Company closely since then, making 'Taking Care' more than a few words that formulate our tagline. It is deeply entrenched in our blood and, we dare say, the largest key in unlocking the potential in the Volvo trunk of yore and, now, the plans we incubate from our 83 Hagley Park Road home.

Throughout our years of operation, we have learnt that business is indeed a merger between science and art. But, we have also discovered that, to be truly impactful, it takes an enormous amount of heart.

NOV 1998

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 incorporated her own Company: Medical Disposables & Supplies Ltd. (MDS).

JAN 1999

MDS officially begins operations.

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.

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.

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 islandwide distribution.

Work of Heart Milestones

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.

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.

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 at 83 Hagley Park Road.*

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.

MARCH 2014
MDS closes its financial year with a 44-member strong team.

APRIL 2014
An additional unit in The Domes Business Complex is leased.

SEP 2014
Flagship Biotech International Ltd. appoints MDS as distributor.

MARCH 2017
GSK Consumer appoints MDS as co-distributor for its Consumer segment.

JUNE 2017
Canadian-based Seaford Pharmaceuticals appoints MDS as exclusive distributor.

AUGUST 2017
3M appoints MDS as distributor of their healthcare line of products.

MARCH 2018
MDS surpasses the J$2B revenue mark for the first time.

Chairman's Message

Focus on widening our product range

On behalf of the Board of Directors of Medical Disposables & Supplies Limited, I am pleased to report on the performance of the Company for the financial year ended March 31, 2018.

This year marked yet another milestone in the Company's history as revenue recorded for the period reached record levels, surpassing the J$2 billion mark for the first time.

The Company generated revenues of $2.05 billion for the current year, an increase of 19% compared to $1.71 billion in the previous year. Gross Profit increased by 12% or $50.79 million, totalling $461.52 million in 2018, compared to $410.73 million in 2017. Total Operating Cost rose 16% to close at $324.10 million compared to $279.42 in 2017. Net Profit After Tax increased by 9% from $100.57 million in 2017 to $109.59 million in 2018. Earnings per share increased to $0.42 from $0.38 in 2017.

In keeping with our strategy of continued growth in our operations, we made a significant adjustment to our business model by segregating our Sales and Marketing efforts establishing discrete divisions along product lines. These are Pharmaceutical, Medical and Consumer Divisions.

Going forward into the new financial year, it is expected that this change will provide the advantages of a divisional structure which include more focused and concentrated strategic planning, make us better able to manage, evaluate and measure performance of our operations as well as to provide the ability to establish more clearly defined accountabilities.

Our main focus for 2018 was the widening of our product range, particularly in the Medical and Consumer Divisions, which offers opportunities for growth and increases our overall gross margin percentage.

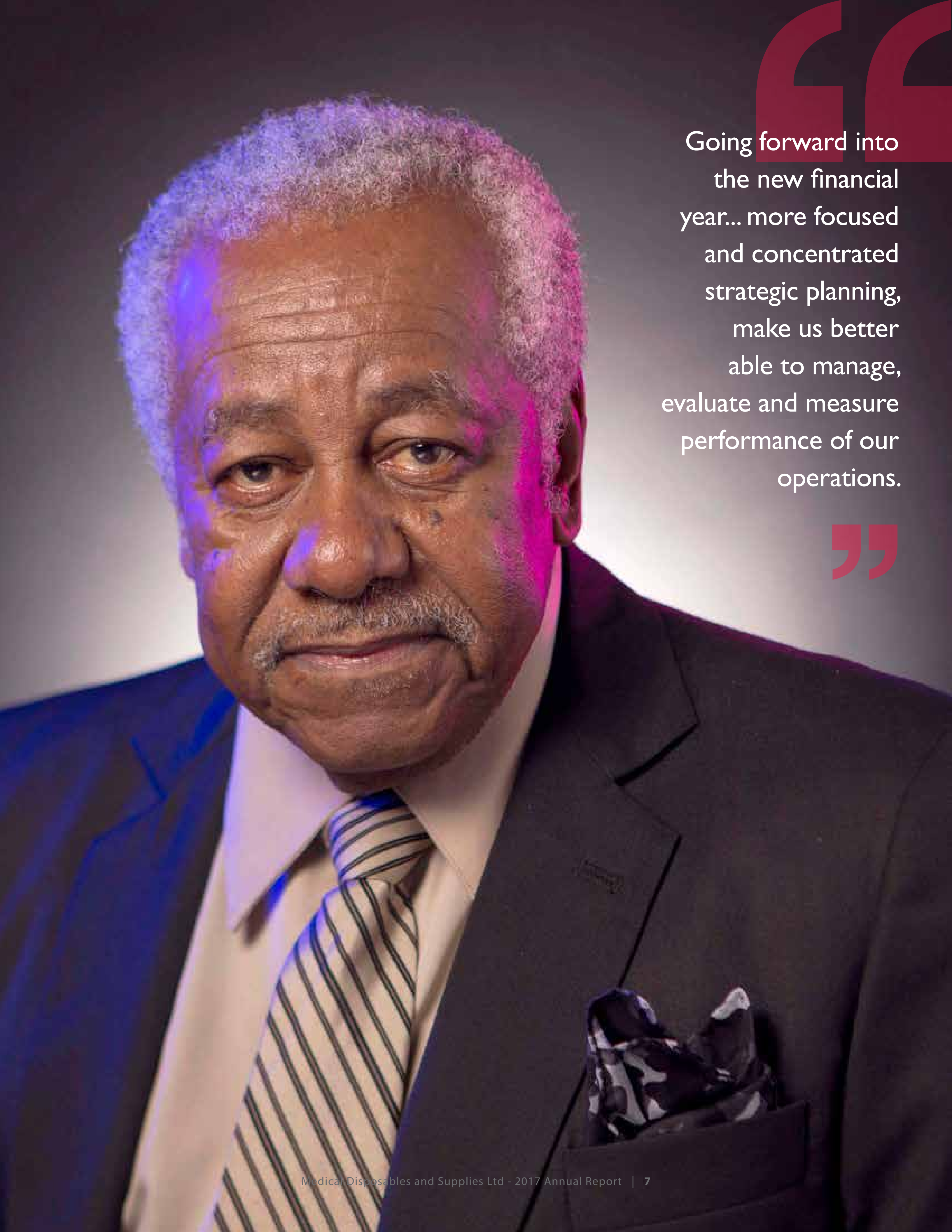
In this regard, we have entered into a major agreement with a leading provider of medical products and have also made a significant addition to our product offering in the Consumer Division.

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

Sincerely,

Winston Boothe
Chairman



"Going forward into the new financial year... more focused and concentrated strategic planning, make us better able to manage, evaluate and measure performance of our operations."

We'll be looking to expand the Consumer Division and make the Medical Division more efficient - aligning all areas of business with the same proficiency as our pharmaceutical division. The improved physical facilities of additional storage capacity and more efficient workspace will also be utilised.

Managing our success and growth in real-time with advancements in IT

You may recall the business news headline earlier this year announcing that MDS hit the J$2 billion revenue mark for the 2017/18 financial year, a first-time achievement of which we're justifiably proud. What underpinned this success was our ability to execute our plan from 2017 to establish a firm foundation for a robust 2018 and marked growth and expansion in the near future.

Managing our success and growth has been a challenge in itself, as it has meant ensuring that we have the necessary infrastructure in place to support our goals, and the required transitioning tools to achieve them. During the financial year ending March 31, 2018, we launched our Consumer Division, entered into a new partnership with 3M on the medical side of the business, and solidified an agreement with GlaxoSmithKline (GSK) in the consumer segment. To support this expansion and diversification, we streamlined our business processes by soliciting the guidance of Ernst & Young to complete a company-wide review of our operating procedures.

This was all as a direct result of our 2017 strategic initiative, 'Thinking Inside the Box', which challenged us to improve our organisational structure, starting from the top. With new products, new segments and new areas of operation, it was vital to ensure that there were no gaps in leadership and management oversight. Having the required coverage has allowed us to streamline operations and apply keen focus to areas such as Special Projects and Quality Assurance.

We have made significant investments in information technology (IT), as we believe that technology is the catalyst that will allow us to achieve even greater levels of efficiency. In our quest to apply advancements at different levels, we have improved our analytical capabilities to achieve greater forecasting ability and continual improvement of cash management, all in real-time.

No longer are we waiting on weekly or monthly reports to guide us in making mission-critical decisions; we now have real-time data at our fingertips to give us a look into the performance of the business as a whole, as well as individual divisions. The result is an organisation that makes quicker, metrics-based decisions, and one that can instantly identify specific areas of the business that need our attention.

For the 2018/2019 fiscal year, we want to reap more of what we've sowed and take advantage of economies of scale by adding new products and revenue sources while keeping our costs relatively constant.

We will be aiming to expand our Consumer Division and make the Medical Division more efficient, thus aligning all revenue-generating areas of the business with the same efficiency as our Pharmaceutical Division. The improved physical facilities, including the expansion of our storage capacity and the introduction of smarter workspaces, will contribute greatly to achieving this desired alignment.

Our 2017/18 fourth quarter performance was quite notably improved when compared to the same quarter in 2016/17. The fourth quarter of 2017/18 also showed a significant improvement over the third quarter of the same year. We intend to continue through 2018/19 with the same vigour.

Of course, we consider the 2017/18 success to be a direct result of the tireless effort of the entire team in ensuring that we not only maintain the MDS standard, but that we also continue to re-invent ourselves in a dynamic market. We extend our thanks to the team, our Board and of course our shareholders for believing in what we are building together. With great anticipation and excitement, we look forward to an even better 2018/19.

Take Care,

Kurt Boothe
General Manager

Corporate Data

DIRECTORS

CHAIRMAN
Mr. Winston Boothe

EXECUTIVES

Mrs. Myrtis Boothe
Mr. Kurt Boothe
Miss Nikeisha Boothe

NON-EXECUTIVES

Dr. Vincent Lawrence
Mrs. Sandra Glasgow
Dr. Dahlia McDaniel-Dickson

SENIOR OFFICERS

Managing Director:
Mrs. Myrtis Boothe

General Manager:
Mr. Kurt Boothe

Senior Marketing Executive:
Miss Nikeisha Boothe

Financial Controller:
Ms. Janice Pitter

Quality Assurance and Special Projects Manager: Mr. Gerard Whyte

Sales Manager:
Mr. Lenworth Murray

Sales Manager:
Mrs. Antoinette McDonald

ATTORNEYS-AT-LAW

Patterson Mair Hamilton
85 Hope Road
Kingston 6
Jamaica, W.I.

BANKERS

Bank of Nova Scotia Ja. 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 Limited
83 Hagley Park Road
Kingston 10, Jamaica, W.I.
Telephone: (876) 906-9994
Fax: (876) 906-9996
Email: info@mdsja.com

Notice of Annual General Meeting

Notice is hereby given that the Fifth Annual General Meeting of Medical Disposables & Supplies Limited (the "Company") will be held on Tuesday, October 2, 2018 at 10:00 a.m. at the Courtleigh Hotel & Suites, 85 Knutsford Boulevard, Kingston 5, to consider and, if thought fit, pass the following resolutions:

SPECIAL RESOLUTIONS

1. AMENDMENT TO THE ARTICLES OF INCORPORATION

To approve the adoption of the amended Articles of Incorporation of the Company.

Special Resolution No. 1:
'To approve the adoption of the amendment to the Articles of Incorporation of the Company to include section 89 (6) which states: "The Directors may approve circumstances as outlined in section 174A of the Companies (Amendment) Act (2017) by the matter being proposed to and approved by them in accordance with this section."

ORDINARY RESOLUTIONS

2. RECEIPT OF AUDITED ACCOUNTS

To receive the Audited Accounts for the financial year of the Company ended March 31, 2018, 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, 2018, together with the Reports of the Directors and Auditors thereon be and are hereby adopted'.

3. 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 Kurt Boothe be and is hereby re-elected a Director of the Company for the ensuing year'.

Ordinary Resolution No. 3:
'That Nikeisha Boothe be and is hereby re-elected a Director of the Company for the ensuing year'.

4. 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, 2018 as fees to the Directors for services as Directors, be and is hereby approved'.

5. 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:
'To authorise the Board of Directors to appoint new Auditors of the Company by way of a tender by the Company and to fix the remuneration of the Auditors'.

Ordinary Resolution No. 6:
'That the Board of Directors are hereby authorised to appoint new Auditors of the Company, by way of a tender, to hold office until the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company'.

6. OTHER ROUTINE BUSINESS

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

Ordinary Resolution No. 7:
'To transact any other ordinary business of the Company that can be transacted at an Annual General Meeting'.

Dated this 30th day of June, 2018

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/her. 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.

What's new...

DRYSOL™

Drysol is a unique maximum strength topical antiperspirant therapy with a 98% proven efficacy in controlling sweat and a 30% reduction in sweat volume for patients with hyperhidrosis and excessive sweating. Unlike the competing brands on the shelf, Drysol is issued under the care of a pharmacist (without need for a prescription) and is indicated for use on multiple areas of the body -- underarms, palms & the soles of feet.

3M is one of the most reputable brands worldwide, known for impeccable quality standards, quality assurance and using science and technology to change lives for the better. These brand values are of utmost importance in the health care industry, thereby providing MDS with immense pride at being a named representative for the brand (Aug 2017). Our 3M medical line features best-in-class product solutions that are created (and continuously improved upon) for the optimal care and safety of both patients and medical clinicians.

Recently, with the growing concern regarding healthcare-acquired infections and the greater level of consciousness in the Jamaican landscape about infection control in the island's public hospitals, the 3M catalogue is of tremendous significance as many of its products assist in solving these challenges, including, but not limited to:

- **3M Avagard Surgical and Healthcare Personnel Hand Antiseptic** is the only FDA NDA brushless, waterless instant antiseptic that contains two active ingredients -- alcohol for rapid kill and Chlorhexidine Gluconate for persistent, cumulative activity plus emollients for skin conditioning.
- **3M Surgical Drapes** is an adhesive material that covers the patient during surgery while only exposing the surgical site; made of material that is impervious to liquid strikethrough which can help to reduce bacterial transfer and subsequent contamination of the surgical site.
- **3M Tegaderm** is a transparent medical dressing that can be used to cover and protect wounds and catheter sites, protecting the site from outside contamination.

- **3M Red Dot Electrodes:** for use in cardiac monitoring.
- **3M Scotchcast Casting Tapes:** for use in the construction of most orthopaedic casting as well as specialised prosthetics and orthotic devices.
- **3M Steri-Strips:** used for skin closure and can be used instead of sutures.
- **3M Coban Bandages:** an elastic adhesive bandage.
- **3M Electrosurgical Plates**
- **3M Bear Hugger:** This selection of patient warming products designed to effectively and efficiently measure and manage patient temperature during surgical procedures is among the latest technology in the portfolio.

Board of Directors

Directors' Report

The Directors of Medical Disposables & Supplies Limited are pleased to present their Report for the 12 months ending March 31, 2018.

FINANCIAL RESULTS

The Statement of Comprehensive Income shows pre-tax profits of $109,649,547 and post-tax profits of $109,589,547. 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, 2018 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. Kurt Boothe and Miss Nikeisha Boothe but, being eligible, all will offer themselves for re-election.

AUDITORS

In furtherance of good corporate governance, the Board of Directors will propose that the office of Auditors of the Company be put to tender, and that new Auditors of the Company be appointed 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, 2018

BY ORDER OF THE BOARD

Kurt Boothe
Company Secretary

Mr. Winston Boothe

Chairman

Mr. Boothe is an Independent Member of the Compensation & Human Resources Committee and the Audit & Compliance Committee. 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.

The Hon. Dr. Vincent Lawrence, OJ

Non-Executive, Independent Director

Dr. Lawrence is the Independent Chairman of the Compensation & Human Resources Committee and an Independent Member of the Audit & Compliance Committee. During his over 40 years of experience as a civil and geotechnical engineer, Dr. Vincent Lawrence has been 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. Dr. Lawrence is currently the Executive Chairman of JenTech Consultants Ltd. and a member of the Financial Board of the Incorporated Lay Body & the Diocese of Jamaica and the Cayman Islands.

Mrs. Myrtis Boothe

Executive Director
Founder & Managing Director

With over 40 years of passionate and extensive medical experience, Mrs. Boothe has provided invaluable contributions to the Company through her immense product knowledge, first-hand understanding of the inner workings of health institutions, expansive industry network and keen dedication to providing service excellence in patient care. A Registered Nurse by profession with training from the University Hospital of the West Indies, Mrs. Boothe has practised at the National Chest Hospital as Ward Administrator, served as an In-service Education Officer and Nursing Tutor at the Ministry of Health and honed her business instincts through an 11-year management career at one of the country's leading distribution companies in the industry before forming the MDS operation (in 1998).

Dr. Dahlia McDaniel-Dickson

Non-Executive, Independent Director

An Independent Member of the Audit & Compliance Committee and the Compensation & Human Resources Committee, Dr. McDaniel-Dickson 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 24 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, holds a Doctorate in Public Health from the University of London and owns three thriving pharmacies and a medical clinic.

Mr. Kurt Boothe

Executive Director
General Manager & Company Secretary

Kurt Boothe joined the Company in 2006 after residing in Florida for over a decade. While in Florida, as part of the American Express Financial Advisors Team 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 after gaining his MBA from the Wayne Huizenga School of Business at Nova Southeastern University. He is a past Non-Executive Director of the Petroleum Company of Jamaica and volunteers his time as a football manager and mentor to young boys at the secondary level.

Mrs. Sandra Glasgow

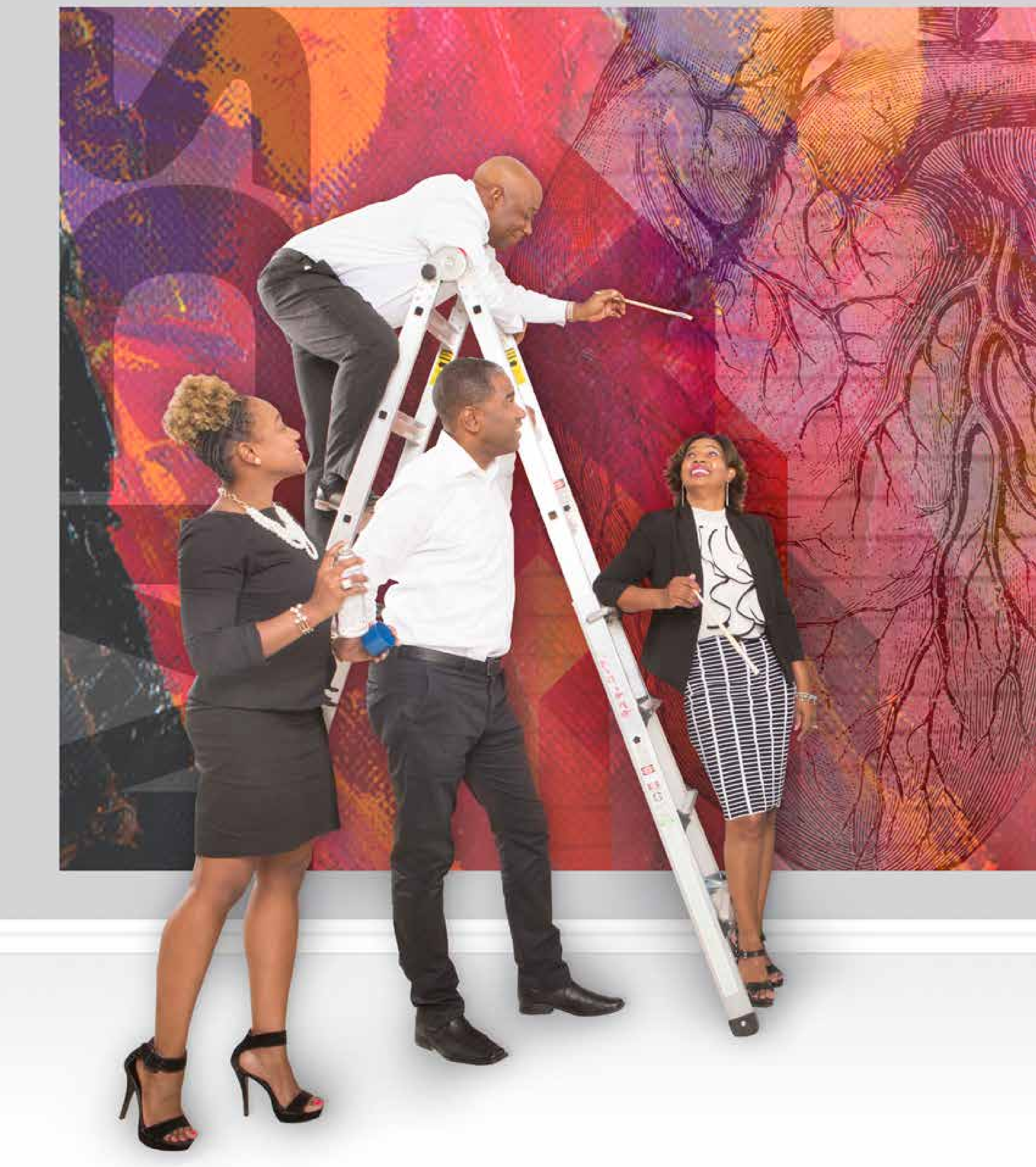
Non-Executive, Independent Director

As Chairman of the Audit & Compliance Committee, Independent Member of the Compensation & Human Resources Committee and Mentor to the Board, Mrs. Glasgow has played an integral role in supporting improvements in the Company's Corporate Governance frameworks and processes. She is the founder and director of BizTactics Limited, and served as the CEO of the Private Sector Organisation of Jamaica for over five years. She spent two decades at the University of Technology where she founded the Technology Innovation Centre and capped her distinguished career as Senior Vice President of Corporate Services.

Miss Nikeisha Boothe

Executive Director
Senior Marketing Executive

In 2012, Nikeisha Boothe joined the Company after performing roles as Marketing Executive at Dunlop Corbin Communications – a full-service marketing and advertising agency – and Brand Manager at Restaurant Associates Ltd. (franchise holders for Popeyes and Burger King in Jamaica). These have provided her with an in-



Nikeisha Boothe *Lenworth Murray* *Kurt Boothe* *Antoinette McDonald*

Janice Pitter *Gerard Whyte* *Myrtis Boothe*

depth knowledge of 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 and holds an MBA with concentration in Marketing from the Mona School of Business.

Leadership Team

- Myrtis Boothe
- Kurt Boothe
- Nikeisha Boothe

Mr. Gerard Whyte

Quality Assurance &
Special Projects Manager

A glimpse at Mr. Whyte's resume 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 and Marketing. After seven years as the Business Development Manager at MDS, Mr. Whyte's role has since taken a new direction, as the Quality Assurance & Special Projects Manager, a necessary development in this ever-evolving Company.

Leadership Team

Mr. Lenworth Murray

Divisional Sales Manager –
Pharmacy & Consumer Divisions

Mr. Murray joined the MDS team as Trade Manager in 2012, a position that has since been modified to Divisional Sales Manager, rendering him responsible for managing sales output, strengthening communication in distribution channels, enhancing customer relationships, steering on-the-ground activities and promoting the MDS brand and products to target users. His more than 20 years of experience in the pharmaceutical industry and nearly a decade in sales have equipped him with a strong understanding of the world of pharmaceuticals, invaluable sales skills and a robust network base. Throughout his longstanding professional career in the medical field which began in 1991, he has enjoyed the challenges of varying roles including that of Sales Representative, Medical Representative (Apotex), North Caribbean Manager (Apotex Inc), Pharma Sales Supervisor and Medical Representative (Schering Plough Caribe).

Mrs. Antoinette McDonald

Divisional Sales Manager –
Pharmacy & Medical Divisions

Having joined the MDS family as Sales Supervisor in 2016, Mrs. McDonald is considered the newest kid on the management block. Her role has since expanded to that of Divisional Sales Manager with direct responsibility for the Dr. Reddy's Laboratories line of products and the Company's Medical Division. She guides the Sales and Medical teams to optimise business outcomes, while managing the development of brand building strategies, product growth approaches and the advancement of consumer relationships. Prior to her MDS entry, 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. Her varying roles included that of Sales Coordinator, Sales Representative and Medical Representative, which have all equipped her with a depth of knowledge gleaned from her broad wealth of experiences and her uncanny way of engaging people – both staff and customers alike.

Ms. 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 particular, she integrates her regulatory expertise and financial acumen to streamline procedures related to planning, procurement, investment and accounting.

Shareholdings

TOP TEN (10) SHAREHOLDERS

Shareholders	Number of Units	Shareholding %
Kurt Boothe	50,841,500	19.32%
Myrtis Boothe	50,000,000	19.00%
Winston Boothe	50,000,000	19.00%
Nikeisha Boothe	50,000,000	19.00%
Mayberry Jamaican Equities Limited	10,467,636	3.98%
Mayberry Managed Clients A/Cs	7,782,635	2.96%
Apex Pharmacy	3,496,926	1.33%
PWL Bamboo Holdings Limited	3,350,631	1.27%
VM Wealth Equity Fund	2,968,948	1.13%
Leon O.W. Headley	1,737,957	0.66%
Nigel Coke	1,614,998	0.61%
Lawrence and Associates	1,284,222	0.49%

SHAREHOLDING OF DIRECTORS AND SENIOR MANAGERS

Directors	Total	Direct	Connected Parties
Kurt Boothe	200,841,500	50,841,500	150,000,000
Myrtis Boothe	200,841,500	50,000,000	150,841,500
Winston Boothe	200,841,500	50,000,000	150,841,500
Nikeisha Boothe	200,841,500	50,000,000	150,841,500
Dahlia McDaniel-Dickson	1,459,398	1,159,398	300,000
Vincent Lawrence	1,284,222	Nil	1,284,222
Sandra Glasgow	Nil	Nil	Nil

Senior Managers	Total	Direct	Connected Parties
Kurt Boothe	200,841,500	50,841,500	150,000,000
Myrtis Boothe	200,841,500	50,000,000	150,841,500
Nikeisha Boothe	200,841,500	50,000,000	150,841,500
Janice Pitter	91,000	82,000	9,000
Lenworth Murray	63,000	63,000	Nil
Gerard Whyte	54,000	54,000	Nil

What's new...

Nipro Elisio Dialyzer

Haemodialysis is a process in which a dialyzer or artificial kidney is used to remove waste and excess fluid from the body. Without dialysis treatments a diseased kidney will eventually cease to function, resulting in death. And, without a dialyzer, there could be no dialysis. Dialyzers are therefore integral to the renal procedure, and Nipro is one of the most sought after and reputable brands worldwide. The Nipro Elisio Dialyzer is a single use, hollow-fibre made of an exclusive polynephron membrane that is designed to function more like the human kidney to deliver better clearance performance. It is said to be lighter than existing dialyzers - a feature of particular benefit in reducing disposal costs - and offers many additional benefits, a few of which include:

Benefits:

- More homogenous pore sizes, resulting in better clearances of uremic toxins and low molecular weight proteins
- Unique ripple structure inside the dialyzer which creates more homogenous flow
- Ultra smooth polyurethane cut surface

Corporate Governance

Medical Disposables and Supplies Limited ("The Company") is an island-wide distributor of healthcare and consumer products, with a catalogue that spans pharmaceuticals, vaccines, injectables, hospital supplies, medical disposable items, medical sundries, consumer products and beauty items. The Board of Directors of the Company believes that high standards of corporate governance, fostering a culture that values integrity and ethical behaviour, are essential for sustainable long-term performance and creating shareholder value.

The Company has established a corporate governance framework, the key elements of which are set out in this Corporate Governance Statement. The framework addresses the key principles of good corporate governance as outlined in the Corporate Governance Guidelines of the Jamaica Stock Exchange (JSE) and The Private Sector Organisation of Jamaica's Code on Corporate Governance and the Board adheres to the Code, where practicable, as it continues to develop and improve its corporate governance processes and standards. The Board is responsible for the governance framework which operates under Board-approved policies and practices. The governance framework and associated practices are reviewed by the Board and its committees to ensure that they comply with current regulations.

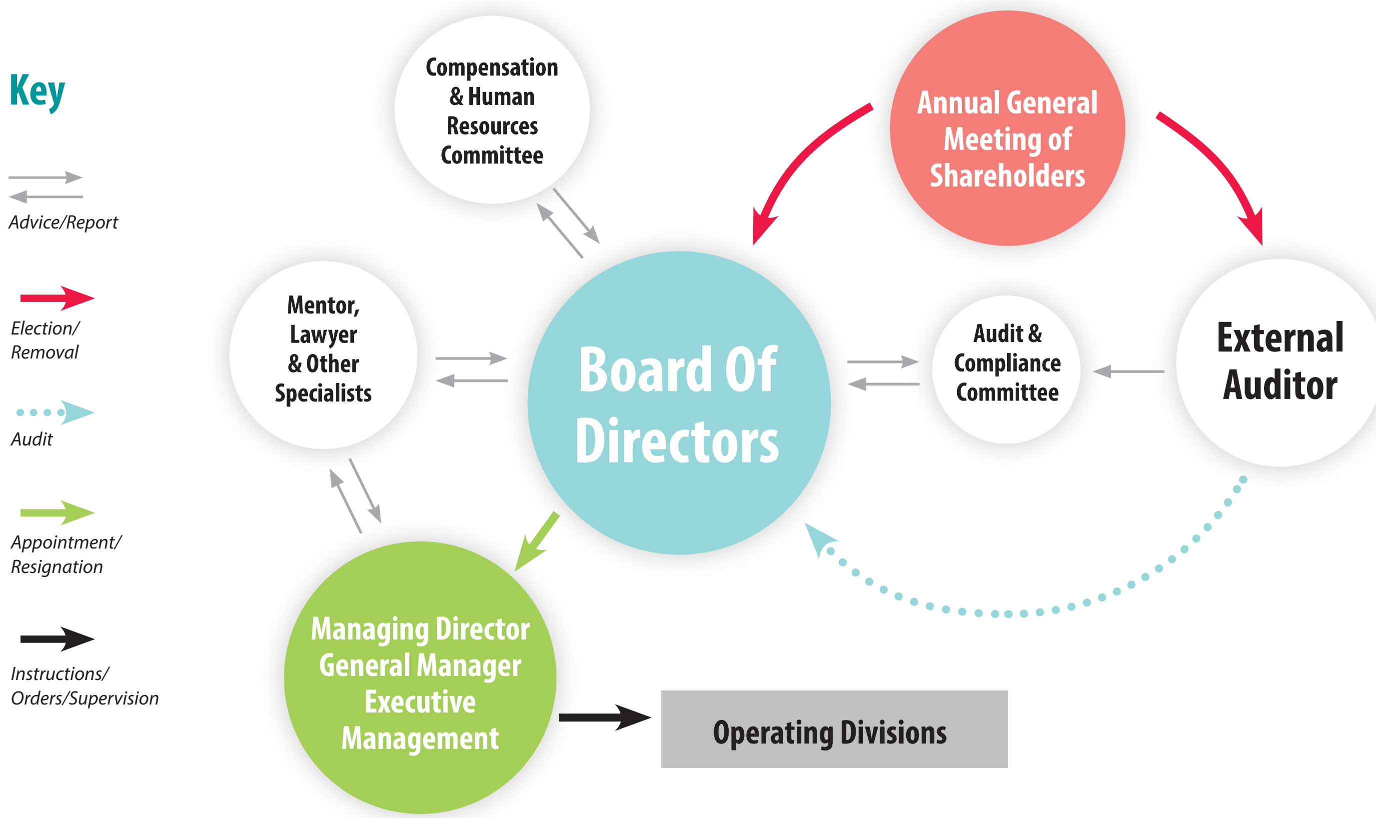
The Board guides and monitors the business and affairs of the Company on behalf of its shareholders. The Company is fully compliant with the provisions of its Articles of Association, The Companies Act, 2004 and other applicable legislation.

The Board has approved and adopted a written Corporate Governance Charter to assist it in carrying out its duties and responsibilities. A copy of the Charter 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 Board's responsibilities and functions are summarised in the Charter which sets out, amongst other things, the Board's specific responsibilities and functions, including requirements for Board composition, its delegation of responsibilities to Committees and the delegation to management, the authority to execute strategy. It also sets out the responsibilities of management and the matters expressly reserved to the Board.

In keeping with the Charter, throughout the financial year ended March 31, 2018, 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 Plan and Budget for 2017/2018 in the context of the Company's three-year Strategic Plan for the period 2017- 2019;
- 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 and approved proposals for new business development;
- Approved new banking arrangements and facilities;
- Approved the write-off of bad debts.

Human Resources

- Approved the results of the Company's Job Evaluation exercise;
- Discussed and reviewed compensation proposals for executive management and staff;
- Approved a performance management framework for executives and staff;
- Approved performance objectives and performance measurement systems for staff.
- Approved performance incentives for executives and staff.

Financial Performance

- Approved the annual budget and targets, annual financial statements; quarterly results and releases to shareholders 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 audited by our external auditor 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.

Board Composition

As at 31 March 2018, the Board comprised seven directors: three Non-Executive Independent Directors, one Non-Executive Director and three Executive Directors. Their roles on the Board and Committees of the Board are outlined in chart on next page.

During the year, the Directors appointed Dr. the Hon. Vincent Lawrence, OJ as Lead Independent Director and will act as Chairman of the Board in the absence of the Chairman, Winston Boothe.

Board Independence

In determining whether members of our Board are independent, the Board reviews a summary of the relationships between the Company and each director and other facts relevant to the analysis of whether the directors qualify as "independent directors" under the JSE Listing Rules. The Board has determined that Dr. the Hon Vincent Lawrence, OJ, Dr. Dahlia McDaniel-Dickson and Mrs. Sandra A. C. Glasgow are independent directors pursuant to the JSE Listing Rules and are members of or chair the Audit and Compliance and Compensation and Human Resources Committees.

Directors' Skills and Experience

The Board's objective is to have an appropriate mix of skills, expertise and experience on the Board and its committees. The directors, including some who are also directors of other listed companies, have a broad and diverse range of experience and skills across a number of business areas. Further information on the qualifications and experience of each director at the date of the annual report is included on pages 16 – 19 of the Annual Report. The Board has identified the key skills, experience and qualities required for the effective management of the business. The Board's collective areas of expertise are summarised in the list of skills following:

Board Composition

	Board	Audit & Compliance Committee	Compensation & Human Resources Committee
Winston Boothe, Non-Executive Director	C	M	M
Myrtis Boothe, Managing Director, Executive Director	M		
Kurt Boothe, General Manager, Executive Director	M		
Nikeisha Boothe, Marketing Manager, Executive Director	M		
Dr. the Hon Vincent Lawrence, OJ, Lead Independent, Non-Executive Director	M	M	C
Dr. Dahlia McDaniel-Dickson, Independent, Non-Executive Director	M	M	M
Sandra A. C. Glasgow, Independent, Non-Executive Director and Mentor	M	C	M

C: Chairperson   M: Member

- Strategy
- Financial Knowledge and Experience
- Capital Management
- Pharmaceutical and Distribution Industry Experience
- Health and Safety
- Risk Management
- Commercial Acumen
- Executive Leadership
- Executive Performance and Remuneration
- Governance and Compliance
- Government and Regulatory Affairs

Board Meeting Attendance

The Board met five times during the year under review. Each director is expected to attend all meetings of the Board and the committees on which they serve. If a director is unable to attend a Board or committee meeting, he or she is expected to notify the Board or Committee Chairperson and attempt to participate in the meeting by telephone, if possible. All directors have averaged at least 80% attendance at the meetings of the full Board and the committees on which they served, during the year. The Directors' attendance at Board meetings is detailed below:

Board Attendance

Board member	# meetings attended	Overall attendance %
Winston Boothe, Chairman	4	80%
Myrtis Boothe	5	100%
Kurt Boothe	5	100%
Nikeisha Boothe	5	100%
Sandra Glasgow	5	100%
Dr. the Hon. Vincent Lawrence, OJ	5	100%
Dr. Dahlia McDaniel-Dickson	5	100%

Committees of the Board

The Board has two standing committees: The Audit and Compliance and Compensation and Human Resources Committees. Each committee acts pursuant to a written Charter.

The Audit and Compliance Committee

The Audit and Compliance Committee is responsible for assisting the Board in fulfilling its oversight responsibilities regarding the Company's financial accounting and reporting process, system of internal control, audit process, and process for monitoring compliance with laws and regulations. The Committee operates pursuant to a written charter, a copy of which is posted on our website at www.mdsja.com.

The Committee met four times during the financial year under review and all members attended every meeting held, as outlined below:

Audit and Compliance Committee attendance

Committee member	# meetings attended	Overall attendance %
Sandra Glasgow Chairman	4	100%
Dr. the Hon. Vincent Lawrence, OJ	4	100%
Dr. Dahlia McDaniel-Dickson	4	100%
Winston Boothe	4	100%

All members of the Committee are non-executive directors and satisfy the current JSE Rules with respect to independence, financial literacy and experience. Management has the primary responsibility for preparing the financial statements as well as the financial reporting process, accounting principles and internal controls.

Mair Russell Grant Thornton, our independent external auditor, is responsible for performing an audit of the Company's financial statements and internal control over financial reporting and expressing an opinion as to the conformity of such financial statements with generally accepted accounting principles and the effectiveness of our internal control over financial reporting.

In this context, the external auditor presented to the Committee the plans for the audit of the financial statements for the year ended March 31, 2018. The Committee also reviewed the written disclosures and the letter from the firm and discussed with the external auditor, the firm's independence. The Committee subsequently reviewed and discussed the financial statements for the year ended March 31, 2018 with management and the external auditor. Based on the foregoing, the Committee recommended to the Board the approval of the audited consolidated financial statements for the financial year ended March 31, 2018.

The Compensation and Human Resources Committee

The Compensation and Human Resources Committee assists the Board with remuneration matters such as senior executives' remuneration and incentives, setting of Board fees, superannuation arrangements, and the remuneration framework for both directors and staff generally. The Committee met three times during the year under review as outlined below:

Compensation & Human Resources Committee attendance

Committee member	# meetings attended	Overall attendance %
Dr. the Hon. Vincent Lawrence, OJ, Chairman	3	100%
Sandra A. C. Glasgow	2	67%
Dr. Dahlia McDaniel-Dickson	3	100%
Winston Boothe	3	100%

The Committee acknowledges that the ability to align employees behind its business and growth goals is critical to execution of its strategic and business plans and that a key driver behind the success of this alignment is ongoing performance management, and meaningful conversations that help drive performance and business outcomes.

In light of this, throughout the year the Committee discussed with management proposals for creating a performance-driven culture that achieves a balance between focusing on financial measures, and other leading performance indicators in order to drive better business outcomes, and effect changes in the operational behaviours of the Company's managers and employees.

The Committee reviewed and recommended to the Board for approval, a performance management framework that is intended to create a culture in which employees strive to achieve better performance every day at the level of their unit, department and ultimately, at the corporate level.

Board and Management Performance Evaluation

During the year, the Chairman evaluated the Board, Board committees, individual directors, the Managing Director and the General Manager. The evaluations were conducted through a series of informal discussions held throughout the year. These discussions include consideration of the Company's financial position, strategies, operations and the risks it faces. During these discussions the Chairman obtained confidential feedback from the directors on their view of the dynamics between the Board members and the quality of the Board's decision making.

The monitoring of senior executives' performance and implementation of strategy is the responsibility of the Board. The Managing Director and the General Manager conducted annual performance reviews of the senior executives to evaluate their performance against agreed key performance indicators and reported to the Board, through the Compensation and Human Resources Committee, on the outcome of these reviews.

Non-Executive Director Remuneration

Remuneration to non-executive directors reflects the demands which are made on, and the responsibilities of, the directors. The fees paid to the Chairman and Non-Executive directors are reviewed periodically by the Board. The Board ensures that these fees are appropriate and in line with the market. The current fees were last reviewed and revised in July 2017 based on a survey of comparable fees paid to companies listed on the Junior Market of the Jamaica Stock Exchange, as reported in their published annual reports. The new Board-approved fees took effect as of August 1, 2017.

Under the new scheme, the Chairman and other non-executive directors each receive a retainer of $250,000 per annum and per meeting fees are paid as follows:

Board of Directors

- Chairman $40,000 per meeting; All other eligible directors 75% of this amount, or $30,000 per meeting

Audit and Compensation Committees

- Chairman $35,000 per meeting; All other eligible directors 75% of this amount, or $26,250 per meeting

The fees were determined within an aggregate directors' fee pool limit of $2.5M, approved by the Board, after having been given this authority by shareholders at the 2017 Annual General Meeting (AGM).

The following fees were earned by Non-Executive directors during the period under review:

Retainer Fees

	Retainer	Board & Committee Member Fees	Total
Winston Boothe	$250,000.00	$250,000.00	$500,000.00
Dr. The Hon. Vincent Lawrence, OJ	$250,000.00	$288,750.00	$538,750.00
Sandra A. C. Glasgow	$250,000.00	$286,250.00	$536,250.00
Dr. Dahlia McDaniel-Dickson	$250,000.00	$271,250.00	$521,250.00
Total	**$1,000,000.00**	**$1,096,250.00**	**$2,096,250.00**

External Auditor

Representatives of the Company's external auditor, Mair Russell Grant Thornton, are invited to meetings of the Audit and Compliance Committee. The external auditor attends each AGM and a representative is available to answer, at, or ahead of, the AGM, questions from shareholders relevant to the audit, the preparation and content of the audit report, the accounting policies adopted by the Company, and the independence of the auditor in relation to the conduct of the audit. Mair Russell Grant Thornton's independence declaration is contained in the Directors' Report in the Annual Report.

In February 2018, the Audit and Compliance Committee, along with the Chief Financial Officer, reviewed the audit firm's performance as part of the Committee's consideration of whether to reappoint the firm as the Company's external auditor. As part of this assessment, the Committee utilised a formal questionnaire completed by management and members of the Committee and considered:

- the continued independence of the audit firm;
- evaluation of the audit firm by management;
- the quality of services and the sufficiency of resources provided by the engagement team and the audit firm itself;
- the level of communication and interaction with the external auditor;
- the external auditor's independence, objectivity, and professional scepticism;
- the length of time the audit firm has served as the external auditor; and,
- the quality and depth of the audit firm and the audit team's expertise and experience in the pharmaceutical and distributions industries.

Members of the Committee, with the CFO in attendance, met with the audit engagement team to discuss the results of the assessment for the financial year 2016/2017. On the basis of the results of the assessment, the Committee recommended to the Board that the Company put the audit services for the financial year 2018/2019 to tender.

Mair Russell Grant Thornton was first appointed as the Company's external auditor in 1999. The Company is now in the process of requesting proposals from other audit firms and intends to seek shareholder approval for the engagement of the winning bidder, at the next Annual General Meeting.

Internal Audit

The Company does not have an internal audit function. To evaluate and continually improve the effectiveness of the Company's risk management and internal control processes, the Board relies on the ongoing reporting and discussion of the management of material business risks at Board and Board Committee meetings.

Risk Oversight

Management is responsible for identifying the Company's risk exposures and communicating such exposures to the Board. The Board is responsible for implementing its risk oversight responsibilities. The Board does not have a standing risk management committee, but administers this function directly, as well as through the Audit Committee which assists the Board in its risk oversight function by reviewing and discussing with management the Company's accounting principles and procedures, financial reporting processes and system of disclosure controls and internal control over financial reporting. The Compensation and Human Resources Committee assists the Board by overseeing compliance with our compensation policies and considering risks relating to the design of compensation programmes and arrangements. In addition, our Mentor monitors our compliance with listing rules and regulations and good governance, generally. The full Board considers strategic risks and opportunities and receives reports from the committees regarding risk oversight in their areas of responsibility as necessary. We believe our Board leadership structure facilitates the division of risk management oversight responsibilities among the Board committees and enhances the Board's effectiveness in fulfilling its oversight function with respect to different areas of our business risks and our risk mitigation practices.

Code of Business Conduct and Ethics

The Company has adopted Codes of Business Conduct and Ethics that applies to all our directors, officers and employees. 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. Noncompliance with the policies contained in the Code may result in disciplinary action, up to and including termination of employment and/or legal action.

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, that 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.

Securities Trading Policy

During the year, the Company updated its Securities Trading Policy and procedures in keeping with the publication of a Model Code on Securities Trading published by the JSE. The updated, Board-approved 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.

The policy outlines the restrictions, closed periods and processes required when directors and key management personnel desire to trade company securities within and outside of blackout periods.

The revised Policy has been shared with related parties and employees and the Board continues to monitor and ensure compliance with the policy and its ethical standards.

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 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.

The Annual General Meeting

The Company recognises the importance of shareholder participation in the Annual General Meeting and supports and encourages that participation. The Company's AGM will be held on Tuesday, October 02, 2018 at 10 a.m. at The Courtleigh Hotel and Suites. A Notice of the AGM is sent to shareholders at least 21 days prior to the meeting, along with the Minutes of the last AGM. The Notice includes the resolutions to be put to shareholders for approval at the AGM.

All Directors attended the 2017 AGM and all the Directors are expected to attend the 2018 AGM.

Sandra A. C. Glasgow
Mentor

Management Discussion & Analysis

For the financial year ending March 31, 2018, MDS Ltd. continued to grow its income and diversify profit sources, enabled by improved operational efficiency. This has resulted in our revenues surpassing the J$2 billion mark for the first time in our history. Net profit after tax increased by 8.9% from J$100.6 million for the 2016/17 year to J$109.6 million for the 2017/18 year. Revenue for the year was J$2.05 billion, growing by J$331.4 million or 19.3% over 2016/17.

Financial Highlights

$1.47B
TOTAL ASSETS

$2.05B
REVENUE

$168M
EBITDA

$109.6M
NET PROFIT AFTER TAX

$673.1M
TOTAL SHAREHOLDERS' EQUITY

EARNINGS PER SHARE **$0.42**

BUSINESS REVIEW

The Company's 'Inside Out' strategy has spurred a solid performance for the year and a platform for increased growth in the upcoming 2018/19 financial year. This strategy, which included a review of operational procedures by Ernst & Young, led to us reorganising into three divisions: the previously existing Pharmaceutical and Medical Divisions, along with the Consumer Division, which was newly created and added to the Company during the year.

The newly reorganised divisions have been reinforced by a review and assessment of management oversight and capacity to ensure that there are no gaps in coverage. We have also embraced the value of data analytics and have further integrated this into our daily operational norms. This, along with our investment in information technology (IT), has improved our decision-making ability tremendously. The results from these fundamental initiatives were well-reflected during the fourth quarter when profit increased by 44.6% to J$14.2 million compared to the previous quarter.

A reduction in net margins was realised as a result of MDS capitalising on opportunities in areas that yielded lower margins. However, we aim to compensate these areas with higher volumes and more cash sales. Expired goods had to be written off due to procedural gaps that have since been filled with improved management and procurement processes.

Financial Highlights & Performance

Highlights of the Financial year ended March 2017:

- **Revenue** of J$2.05 billion, a year-over-year increase of J$331.4 million or 19.3%
- **EBITDA** of $168 million, a year-over-year increase of 7%
- **Net Profit** of $109.6 million, a year-over-year increase of 8.9%
- **Total Assets** of $1.47 billion, a year-over-year increase of 21.4%
- **Total Stockholders' Equity** of $673.1 million a year-over-year increase of 19.4%

The year ending March 2018 yielded improved results with gross operating revenue amounting to J$2.05 billion, which was 19.3% up from year before.

With yet another year of increased revenues, the gross margins grew 12.4% to J$461.5 million. This was due to an overall increase in products sold and subsequent growth in margins enabled by organisational streamlining and reorganisation of the three divisions (Medical, Pharmaceutical and Consumer).

Five-Year Financial Review

In millions of dollars

	2018	2017	2016	2015	2014
Profit and Loss Summary					
Profit After Tax	109,589.00	100,573.00	96,077.00	84,569.00	56,544.00
EBITDA	168,012.00	157,069.00	131,618.00	107,400.00	93,953.00
Balance Sheet					
Total Assets	1,474,437.00	1,214,247.00	1,121,697.00	956,343.00	632,489.00
Total Liabilities	801,308.00	650,708.00	633,684.00	553,880.00	280,069.00
Stockholders' Equity	673,129.00	563,539.00	488,013.00	402,463.00	352,420.00
Important Ratios					
Gross Profit Margin	23%	24%	26%	26%	26%
Debt To Equity	50%	58%	61%	74%	21%
Return On Equity	18%	19%	22%	22%	22%
Current Ratio	1.20	1.62	1.45	1.94	2.16

TOTAL REVENUES AND GROSS PROFIT

Revenue for the year was J$2.05 billion, growing by J$331.4 million or 19.3% when compared to 2016/17. This was mainly attributable to an increase in product offerings, price increases and growth in our new consumer business segment.

Gross profit of $461.5 million for the year grew by $50.8 million or 12.4% when compared to the prior year ended March 31, 2017. Gross profit was affected by an increase of $8.8 million in expired products written off during the year.

OPERATING EXPENSES

Operating expenses of $319.7 million increased by $44.6 million or 16.2% due mainly to the costs associated with our sales growth.

- Salaries and commissions increased by J$11.7 million or 10.6% due to an increase in our staff complement in the Warehouse and Sales Departments;
- Delivery expenses increased by J$7.1 million or 43.3% consistent with the increase in sales levels;
- Professional and Information Technology consultancy fees increased by J$6.7 million or 31.5%;
- Security costs increased by J$2.4 million or 60.8%. This is directly related to us operating in a climate of high crime rates, thus requiring on-premises security 24-hours per day, 7 days a week. For the previous fiscal year, security guards were present only on week days and there were no arrangements in place for armed pick up service for cash; and
- Utility expenses increased by J$1.6 million or 14.5% due to increased consumption.

Non-operational expenses decreased by J$2.8 million or 8% due mainly to the gain on foreign exchange and disposal of fixed assets.

Finance costs remained notably stable, rising by J$1 million to J$35.3 million from J$34.3 million in 2016/17. A reduction in bank overdraft balances reduced interest charges and lower interest payments reduced the cost of the loan secured for the building.

EARNINGS PER SHARE

Earnings per share grew $0.42, or 10%, compared to $0.38 in 2016/17.

TOTAL ASSETS AND LIABILITIES

Total assets grew by 21.4% or J$260.2 million from J$1.214 billion to J$1.474 billion. The Company's inventories and receivables balances increased as a direct result of the expanded business opportunities, which are reflected in the overall increase in sales revenue.

These assets were supported by shareholders' equity of J$673.1

The MDS Pharmacy, Warehouse and Delivery Teams million and liabilities of J$801.3 million, which grew by J$109.6 million or J$19.4 million and J$150.6 million or J$23.1 million respectively. The Company's liquidity position remains healthy.

Current assets grew 32% from J$727.1 million to J$961.5 million. The Company's inventories and receivables balances increased as a direct result of the increased business opportunities, which are reflected in the overall increase in sales revenue. Inventories alone grew 47% from J$484.5 million to J$543.8 million.

Receivables grew by J$57.9 million, or 117.8%, from J$324.6 million to J$382.6 million. Current liabilities grew by J$182.4 million, or 40.6%, from J$449.4 million to J$631.7 million. The increase in current liabilities was due mainly to an increase in short-term borrowing of J$75 million. This was done to support the working capital needs based on the growth of our new Consumer Division.

Our Strategy – Looking Ahead

Following a pivotal year of transition, MDS Ltd. remains firmly committed to the continued upgrade of its operational capacity. We will continue to make significant improvements to our IT infrastructure to create greater efficiencies and rely even more heavily on metrics and data analysis for informed decision-making. We believe that having data in real-time will spur the kind of operational and business development changes that will result in ongoing growth for all three divisions, and further allow us to successfully respond to the ever-changing needs of the market.

Having delivered on last year's commitment to establish our Consumer Division, we will continue to monitor the efficacy of daily operational procedures and management oversight to ensure continued growth and improved margins.

After investing in capacity and streamlining operations on the back of an especially strong fourth quarter, we have a very optimistic outlook for the 2018/19 financial year and are confident in our ability to deliver increased value for our shareholders.

MDS Medical Sales Representatives

MDS Pharmacy Sales Team

... The heart of our business

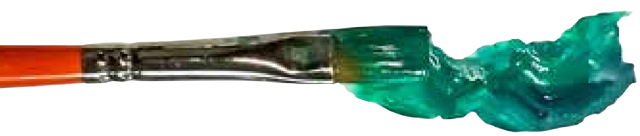
'A successful team beats with one heart.'

Human Resources Report

At Medical Disposables & Supplies Limited (MDS), we consider our human resources to be our greatest asset and competitive advantage. Our Human Resources team works assiduously to ensure the engagement of the right people with the right attitudes and confidence to meet the high standard of service delivery to our customers.

Strengthening Leadership

During this fiscal year, the Company undertook plans to revise our organisational structure at the management level in keeping consistent with the creation of these operational divisions. This was done with a view to empower our leadership to maximise efficiencies in delegation of duties across all divisions. This led to the reallocation of some functions at the management level which is designed to result in more efficient management of our operations.



Recruitment & Staffing

The Company welcomed three (3) new sales representatives during the year. Two (2) were assigned to the Consumer division and one (1) was assigned to the Medical Division.

The additional staffing has increased our selling capacity and is reflected in the increase in sales of the Consumer and Medical Divisions.

Performance Management System

• Performance Appraisal System

At MDS, a comprehensive Performance Appraisal System provides the opportunity to review each employee's performance. It is essential for the Company to know the level of performance and achievements made by each employee in relation to predetermined Key Result Areas. But, it is also equally important for an employee to know where they stand, where they are going and how they are going to get there.

This system also aids management in making decisions that may lead to promotions and holds employees accountable for meeting measurable objectives.

• Training & Development

Among the training initiatives undertaken is our "Monthly Product Sessions" geared towards creating sound product knowledge and awareness for each employee. This training ensures that all employees become sufficiently informed to the extent necessary to competently guide our customers during their purchasing process.

Building a healthier and heartier future for Jamaica

Scenes from the Digicel Grand Prix / Anthrick Management Corporate High Schools' Development Meet (Feb 2018)

Medical Association of Jamaica's Annual Symposium (June 2017)

MDS recognises that the most important aspect of healthcare is caring. This has propelled the Company to support hospitals and healthcare facilities across the island in boosting their ability to provide quality healthcare, particularly in areas of critical care. Over the past year, MDS has delivered donations in excess of J$5M which have been received with overwhelming expressions of gratitude from the institutions' staffing complement, who state that the contributions embody life-saving gifts certain to make a big impact in providing vital care for their patients.

The Company also utilises other industry related platforms to further the cause for a healthier Jamaica. To this end, we have provided support to the Jamaica Association of Pharmacy Owners, the Three Angels' Mobile Clinic, the Medical Association of Jamaica's Annual Symposium, the Pharmaceutical Society of Jamaica's Annual Conference, the Dermatology Association of Jamaica's Annual Conference, and a host of other industry related events, health fairs and Appreciation Day events hosted at our customers' places of business.

MDS also imprints its 'caremarks' beyond the hospital and medical establishments. We believe that the best medicine is not only issued to a patient lying on a hospital bed but is best delivered before the onset of ailing conditions. When you get to the heart of it, the best opportunities to assist in this regard is by supporting a healthy consciousness in the younger generation and through the encouragement of active lifestyles. We therefore engage in youth and sport oriented endeavours in a vein to produce their healthiest state of mind and body.

Scenes from the Digicel Grand Prix / Anthrick Management Corporate High Schools' Development Meet (Feb 2018)

Medical Disposables & Supplies Ltd. (MDS) donates $2.6M in Supplies to the Mandeville Regional Hospital. From left: Gerard Whyte, Quality Assurance & Special Projects Manager at MDS; Dr. Everton McIntosh, Senior Medical Officer at the Mandeville Regional Hospital; Myrtis Boothe, Managing Director of MDS; and Dr. Yeiny Pena, Consultant /Head of Department for the MRH Haemodialysis Unit at the hospital.

Audited Financial Statements

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Mair Russell Grant Thornton

Kingston
3 Haughton Avenue
Kingston 10
T + 1 876 929 9167/926 0443
F + 1 876 754 3196
E + mrgt.kingston@jm.gt.com

Montego Bay
56 Market Street
St. James

T + 1 876 952 0798/952 2891
F + 1 876 971 5836
E + mrgt.mobay@jm.gt.com

Jamaica, West Indies

Independent auditor's report

To the Members of
Medical Disposables & Supplies Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Medical Disposables & Supplies Limited ("the Company") which comprise the statement of financial position as at March 31, 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2018, 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. These matters are 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. We have determined that there are no key audit matters to communicate in our report.

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.

Mair Russell
Grant Thornton

Independent auditor's report (cont'd)

To the Members of
Medical Disposables & Supplies Limited

Report on the Audit of the Financial Statements

Other information (cont'd)

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

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.

Independent auditor's report (cont'd)

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)

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.

- 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

Mair Russell
Grant Thornton

Independent auditor's report (cont'd)

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)

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.

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 28, 2018

Mair Russell Grant Thornton
Chartered Accountants

Statement of financial position
March 31, 2018

	Note	2018 $	2017 $
Assets			
Non-current assets			
Property, plant and equipment	(5)	**510,244,320**	484,497,095
Intangible assets	(6)	**2,650,724**	2,603,561
		512,895,044	487,100,656
Current assets			
Inventories	(7)	**543,782,120**	369,382,694
Trade and other receivables	(8)	**382,565,648**	324,624,837
Prepayments		**3,454,256**	5,579,130
Taxation recoverable		**2,334,720**	2,334,564
Cash and short-term deposits	(9)	**29,405,495**	25,225,310
		961,542,239	727,146,535
Total assets		**1,474,437,283**	1,214,247,191
Equity and liabilities			
Equity			
Share capital	(10)	**107,835,764**	107,835,764
Revaluation reserve	(11)	**48,198,190**	48,198,190
Retained profits		**517,095,066**	407,505,519
Total equity		**673,129,020**	563,539,473
Liabilities			
Non-current liabilities			
Borrowings	(12)	**169,535,183**	201,339,829
		169,535,183	201,339,829
Current liabilities			
Bank overdraft	(9 &13)	**138,201**	31,000,391
Short term borrowings	(12)	**125,000,000**	50,000,000
Other loans	(12)	**10,000,000**	10,000,000
Current portion of borrowings	(12)	**31,975,089**	31,934,940
Trade and other payables	(14)	**464,659,790**	326,432,558
		631,773,080	449,367,889
Total liabilities		**801,308,263**	650,707,718
Total equity and liabilities		**1,474,437,283**	1,214,247,191

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

Approved for issue by the Board of Directors on May 28, 2018 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, 2018

	Note	2018 $	2017 $
Revenue	(4c)	**2,045,443,487**	1,714,019,129
Cost of sales		**(1,583,920,694)**	(1,303,288,753)
Gross profit		**461,522,793**	410,730,376
Other income	(15)	**4,384,040**	4,268,152
Administrative expenses	(16)	**(171,086,430)**	(152,221,210)
Selling and promotional costs	(16)	**(127,848,306)**	(102,582,344)
Other operating expenses	(16)	**(2,117,196)**	(2,478,264)
Depreciation and amortisation		**(23,052,275)**	(22,134,714)
Operating profit		**141,802,626**	135,581,996
Finance income	(18)	**23,204**	95,404
Finance cost	(18)	**(35,309,807)**	(34,300,839)
Gain on disposal of property, plant and equipment		**484,580**	-
Gain/(loss) on foreign exchange		**2,648,944**	(743,304)
Profit before tax		**109,649,547**	100,633,257
Income tax expense	(19)	**(60,000)**	(60,000)
Profit for the year		**109,589,547**	100,573,257
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of land and buildings		**-**	12,584,923
		-	12,584,923
Total comprehensive income for the year		**109,589,547**	113,158,180
Earnings per share	(20)	**0.42**	0.38

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

Statement of changes in equity
Year ended March 31, 2018

	Share Capital $	Revaluation Reserve $	Retained Profits $	Total $
Balance at April 1, 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 for the year	-	12,584,923	-	12,584,923
Total comprehensive income for the year	-	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
Profit for the year 2018 being total comprehensive income for the year	-	-	109,589,547	109,589,547
Balance at March 31, 2018	**107,835,764**	**48,198,190**	**517,095,066**	**673,129,020**

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

Statement of cash flows
Year ended March 31, 2018

	Note	2018 $	2017 $
Cash flows from operating activities:			
Profit before tax		**109,649,547**	100,633,257
Adjustments for:			
Depreciation and amortisation	(5&6)	**23,052,275**	22,134,714
Interest expense	(18)	**35,309,807**	34,300,839
Interest income	(18)	**(23,204)**	(95,404)
Gain on disposal of property, plant and equipment		**(484,580)**	-
Loss on foreign exchange - other loans		**-**	1,313,998
		167,503,845	158,287,404
Increase in inventories		**(174,399,426)**	(82,257,946)
Increase in trade and other receivables		**(57,940,811)**	(23,484,406)
Decrease/(increase) in prepayments		**2,124,874**	(130,266)
Increase in trade and other payables		**137,969,732**	10,122,863
Cash generated from operations		**75,258,214**	62,537,649
Interest paid		**(35,052,307)**	(34,300,839)
Income taxes paid		**(60,000)**	(60,000)
Net cash provided by operating activities		**40,145,907**	28,176,810
Cash flows from investing activities:			
Interest received (net of withholding tax)		**23,048**	76,952
Additions to property, plant and equipment	(5)	**(48,414,335)**	(19,484,975)
Proceeds on disposal of property, plant and equipment		**875,500**	-
Addition to intangible asset	(6)	**(823,248)**	(1,985,132)
Net cash used in investing activities		**(48,339,035)**	(21,393,155)
Cash flows from financing activities:			
Proceeds from borrowings		**268,750,000**	161,870,000
Repayment of borrowings		**(225,514,497)**	(129,191,977)
Repayment of other loans		**-**	(36,510,000)
Dividends paid		**-**	(37,631,579)
Net cash provided by/(used in) financing activities		**43,235,503**	(41,463,556)
Net increase/(decrease) in cash and cash equivalents		**35,042,375**	(34,679,901)
Cash and cash equivalents at beginning of year		**(5,775,081)**	28,904,820
Cash and cash equivalents at end of year	(9)	**29,267,294**	(5,775,081)

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

Notes to the financial statements
March 31, 2018

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

New and revised standards that are effective for annual periods beginning on or after January 1, 2017

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 determined that the following will have an impact on the company.

Disclosure Initiative (Amendments to IAS 7)
The amendments to IAS 7 'Statements of Cash Flows', effective 1 January 2017, require the company to provide disclosures about the changes in liabilities from financing activities. The company categorises those changes into changes arising from cash flows and non-cash changes with further sub-categories as required by IAS 7.

Standards, amendments and interpretations issued but not yet effective and have not been adopted early by the company

At the date of authorisation 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. Information on those expected to be relevant to the company's financial statements are provided below.

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 may be relevant to the company's financial statements are provided below:

IFRS 9 'Financial Instruments' which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instrument from IAS 39, the criteria for classification into the appropriate measurement bases for financial assets – amortised, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) – are similar to IAS 39, the criteria for classification into the appropriate measurement categories are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

At the date of transition, the company is permitted to make a one-time irrevocable reassessment of its fair value through profit or loss designations or its financial assets and liabilities. The company is currently evaluating the extent to which it will apply these designations to its financial instruments upon transition.

The expected credit loss model is more forward looking and will require the use of reasonable and supportable forecasts of future economic conditions to determine increases in credit risk and measurement of expected credit losses. It may also result in an increase in the total level of impairment allowance as all financial assets will be assessed for impairment, and the population size will be greater than that for financial assets with objective evidence of impairment under IAS 39.

The company is still assessing the impact the change in model will have on its 2019 financial statements.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15, Revenue from Contracts with Customers, effective for accounting periods beginning on or after January 1, 2018, replaces IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfer of Assets from Customers and SIC – 31 Revenue – Barter Transactions Involving Advertising Services. It does not apply to insurance contracts, financial instruments or lease contracts, which falls in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties.

The company will apply a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer, or over time, in a manner that best reflects the entity's performance.

There will be new qualitative and quantitative disclosure requirements to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

Amendments to IFRS 15, 'Revenue from Contracts with Customers'

IFRS 15 Revenue from Contracts with Customers, (effective for accounting periods beginning on or after January 1, 2018). These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). The IASB has also included additional practical expedients related to transition to the new revenue standard.

IFRS 16 'Leases'

IFRS 16 Leases', (effective for annual periods beginning on or after January 1, 2019). In January 2017, the IASB published IFRS 16 which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. There is an optional exemption or lessees for certain short-term leases of low-value assets. The company is assessing the impact of future adoption of the measurements on its financial statements.

IFRS 22, 'Foreign currency transactions and advance consideration' (effective for annual periods beginning on or after 1 January 2018). The Interpretation covers foreign currency transactions when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. The company currently assessing the impact of future adoption of the amendments on its financial statements.

IFRS 23, 'Uncertainty over income tax treatments' (effective for annual periods beginning on or after 1 January 2019). This Interpretation clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The Interpretation had previously clarified that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. The Interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. The company does not expect any significant impact from the adoption of this Interpretation.

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 values 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.

(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 risks 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 19). 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 and 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, 2018 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, 2017	412,200,000	9,645,760	2,826,409	65,244,521	8,144,348	28,557,136	526,618,174
Additions	7,174,271	23,099,260	-	9,319,942	1,367,581	7,453,281	48,414,335
Disposal	-	-	-	-	(215,920)	(3,039,097)	(3,255,017)
Transfer	5,679,406	(5,679,406)	-	(133,123)	133,123	-	-
Balance at March 31, 2018	**425,053,677**	**27,065,614**	**2,826,409**	**74,431,340**	**9,429,132**	**32,971,320**	**571,777,492**
Depreciation							
Balance at April 1, 2017	-	-	(746,833)	(17,478,148)	(4,555,685)	(19,340,413)	(42,121,079)
Elimination on disposal	-	-	-	-	-	2,864,097	2,864,097
Depreciation	(9,011,281)	-	(141,320)	(6,741,448)	(1,101,385)	(5,280,756)	(22,276,190)
Balance at March 31, 2018	**(9,011,281)**	**-**	**(888,153)**	**(24,219,596)**	**(5,657,070)**	**(21,757,072)**	**(61,533,172)**
Carrying amount at March 31, 2018	**416,042,396**	**27,065,614**	**1,938,256**	**50,211,744**	**3,772,062**	**11,214,248**	**510,244,320**

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 $276,127,579 (2017 - $270,280,281).

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 $	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**

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, 2017	7,326,608	7,326,608
Addition	823,248	823,248
Balance at March 31, 2018	**8,149,856**	**8,149,856**
Amortisation		
Balance at April 1, 2017	(4,723,047)	(4,723,047)
Charge for year	(776,085)	(776,085)
Balance at March 31, 2018	**(5,499,132)**	**(5,499,132)**
Carrying amount at March 31, 2018	**2,650,724**	**2,650,724**

	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

7. Inventories

	2018 $	2017 $
Pharmaceuticals	**380,764,659**	269,535,669
Medical and other supplies	**61,599,762**	60,161,450
Goods in transit	**101,417,699**	39,685,575
Total	**543,782,120**	369,382,694

The cost of inventories recognised as an expense during the year was $1,583,920,694 (2017 - $1,303,288,753). This includes $11,016,593 (2017 - $2,224,293) in respect of expired items and write-downs to net realisable value.

8. Trade and other receivables

	2018 $	2017 $
Trade	**328,442,538**	297,646,263
Less: Specific provision for doubtful debts	**(21,202,663)**	(24,136,532)
	307,239,875	273,509,731
Other	**75,325,773**	51,115,106
Total	**382,565,648**	324,624,837

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

Bad debt specific provision is as follows:

	2018 $	2017 $
Balance at beginning of year	**24,136,532**	24,957,201
Receivables recovered during the year	**(7,378,279)**	(5,585,595)
Increase in provision during the year	**9,545,475**	8,160,275
Receivables written off during the year	**(5,101,065)**	(3,395,349)
Balance at end of year	**21,202,663**	24,136,532

9. Cash and cash equivalents

	Interest Rate % p.a.	2018 $	2017 $
Cash and short-term deposits:			
Bank and cash:			
Petty Cash		**65,000**	30,000
- J$ Current account		**22,340,103**	10,878,393
- US$ Savings account (US$54,489)- (2017 – US$108,670))	0.01 – 0.05	**6,828,605**	14,155,474
Sterling savings account (£321) - (2017 - £321))	0.05	**56,728**	50,914
Cash at bank and in hand		**29,290,436**	25,114,781
Short-term deposits	2.0 - 2.85	**115,059**	110,529
Total cash and short-term deposits		**29,405,495**	25,225,310
Less: Bank overdraft (Note 13)		**(138,201)**	(31,000,391)
Total cash and cash equivalents		**29,267,294**	(5,775,081)

Included in cash and cash equivalents is $7,955,290 (2017 - $8,714,403) which represents amounts held for a major supplier.

10. Share capital

	2018 $	2017 $
Authorised:		
408,000,000 ordinary shares (2018 - 408,000,000)		
Stated capital		
Issued and fully paid:		
263,157,895 ordinary shares	**107,835,764**	107,835,764
Balance at end of the year	**107,835,764**	107,835,764

11. Revaluation reserve

	2018 $	2017 $
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**	12,584,923
Balance at end of year	**48,198,190**	48,198,190

12. Borrowings

	2018 $	2017 $
Loans –		
i Bank of Nova Scotia (BNS) – Non-revolving loan	**201,510,272**	233,274,769
	201,510,272	233,274,769
Less: Current portion	**31,975,089**	31,934,940
	169,535,183	201,339,829
ii Short-term borrowings – revolving loan	**125,000,000**	50,000,000
iii Other Loans	**10,000,000**	10,000,000

i (a) 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.

(b) 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. Interest rate will be fixed at ten percent (10%) per annum from May 2018 to maturity. 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.

(c) 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 at 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, 2018.

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 Panal Van stamped to cover $1,700,000.

g. Comprehensive insurance over 2011 Nissan Urvan Panal 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 a loan from a third party of $10,000,000 which is unsecured and bears interest at rates of ten point three percent (10.3%) per annum.

The loan has no fixed repayment term.

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

	2018	2017
	$	$
Trade	**407,440,563**	276,843,724
Accruals	**17,785,170**	14,080,089
Other	**39,434,057**	35,508,745
Total	**464,659,790**	326,432,558

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

15. Other income

	2018 $	2017 $
Warehousing service fee	**4,384,040**	4,268,152
Total	**4,384,040**	4,268,152

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:

	2018 $	2017 $
Cost of inventories recognised as expense	**1,583,920,694**	1,303,288,753
Administrative and other expenses		
Directors' remuneration	**21,302,370**	20,456,272
Directors' fees	**2,096,250**	1,855,000
Salaries, wages and related expenses (Note 17)	**55,806,971**	53,016,549
Medical and other staff benefits (Note 17)	**7,790,477**	6,811,261
Insurance	**9,375,326**	5,860,292
Legal and professional fees	**15,129,085**	9,790,954
Motor vehicle expenses	**9,679,150**	8,027,268
Auditors' remuneration	**2,862,282**	2,642,753
Utilities	**12,850,088**	11,226,209
Printing and stationery	**5,148,355**	5,147,078
Donations	**3,134,234**	2,479,131
Security	**6,354,778**	3,952,132
Bank charges	**8,218,107**	8,153,212
Other administrative expenses	**11,338,957**	12,803,099
	171,086,430	152,221,210
Selling and promotional costs		
Salaries, wages and related expenses (Note 17)	**45,180,492**	37,085,041
Travel and accommodation	**2,342,011**	2,027,855
Postage and courier service	**23,349,430**	16,290,377
Advertising and promotion	**13,664,655**	10,742,685
Commission	**43,311,718**	36,436,436
	127,848,306	102,582,344
Other operating expenses		
Bad debt (Net)	**2,117,196**	2,478,264
	2,117,196	2,478,264

17. Employee benefits

	2018 $	2017 $
Salaries, wages and related expenses		
- Administrative and other expenses	**55,806,971**	53,016,549
- Selling and promotional costs	**45,180,492**	37,085,041
Medical and other staff benefits	**7,790,477**	6,811,261
Total	**108,777,940**	96,912,851

The average number of employees at year-end was fifty-six (56), (2017 – fifty-two (52)).

18. Finance income and finance cost

Finance income comprises:

	2018 $	2017 $
Interest income on financial assets measured at amortised cost	**23,204**	95,404
Total	**23,204**	95,404

Finance cost comprises:

	2018 $	2017 $
Interest expense for borrowings measured at amortised cost	**35,309,807**	34,300,839
Total	**35,309,807**	34,300,839

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:

	2018 $	2017 $
Current tax	**-**	-
Minimum Business Tax	**60,000**	60,000
Deferred	**-**	-
Total	**60,000**	60,000

ii Reconciliation of theoretical tax charge to effective tax charge:

	2018 $	2017 $
Profit before tax	**109,649,547**	100,633,257
Tax at the applicable tax rate of 25% - (2017 - 25%)	**27,412,387**	25,158,314
Tax effect of expenses not deductible for tax purposes	**669,783**	216,501
Tax effect of income not subject to tax	**(121,145)**	(64,375)
Tax effect of allowable capital allowances and other charges	**7,680,789**	(384,091)
Remission of tax	**(35,641,814)**	(24,926,349)
Minimum Business Tax	**60,000**	60,000
Income tax for the year	**60,000**	60,000

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 (2017 – 263,157,895).

21. Dividends

During the prior year the company paid final dividends amounting to $37, 631,579 to its equity shareholders. This represented a payment of $0.05 per share.

22. Segment reporting

Segment information for the reporting period are as follows:

	Pharmaceutical $	Medical & Others $	Total $
Revenue	1,514,460,147	530,983,340	2,045,443,487
Less: Cost of sales	(1,147,973,580)	(435,947,114)	(1,583,920,694)
Gross profit	366,486,567	95,036,226	461,522,793

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 $
2018	**1,599,840**	**533,280**	**2,133,120**
2017	1,333,200	1,333,200	2,666,400

Lease expense during the year amounted to $1,555,400 (2017 - $1,333,200). 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:

	2018 $	2017 $
Included in trade and other receivables	**893,469**	836,171
Included in trade and other payables	**(113,588)**	-

iii Transactions with key management personnel

Transactions with key management includes renumeration for executive members of the board.

	2018 $	2017 $
Short-term employee benefits – Salaries including bonuses	**21,302,370**	20,456,272
Total	**21,302,370**	20,456,272

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

	2018 $	2017 $
Sales	**10,106,455**	10,392,042
Directors' fees	**2,096,250**	1,855,000
Professional fees	**259,427**	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

	2018 US$	2017 US$
Financial assets		
- Cash and cash equivalents	**54,489**	108,670
	54,489	108,670
Financial liabilities		
- Trade payables	**(1,291,336)**	(856,364)
	(1,291,336)	(856,364)
Total net liability	**(1,236,847)**	(747,694)

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$125.32 to US$1 (2017 – J$128.22 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 4% (2017 – 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 $
2018	**4**	**(6,200,067)**
2017	6	(5,738,851)

If the JA Dollar strengthens against the US Dollar by 2% (2017 – 1%) this would have the following impact:

	Rate %	Strengthens $
2018	**2**	**3,100,033**
2017	1	956,475

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:

	2018 **$**	2017 $
Trade and other receivables	**382,565,648**	324,624,837
Cash and cash equivalents	**29,340,495**	25,195,310
Total	**411,906,143**	349,820,147

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

	2018 **$**	2017 $
Not more than 3 months	**283,687,850**	251,921,602
More than 3 months but not more than 6 months	**19,524,378**	13,857,116
More than 6 months but not more than 1 year	**3,169,441**	7,468,111
More than 1 year	**858,206**	263,902
Total	**307,239,875**	273,509,731

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, 2018, the company's non-derivative financial liabilities have contractually maturities (including interest payments where applicable) as summarised below:

	Current Within12 Months $	Non current 2 to 5 Years $
Borrowings	**49,737,330**	**169,240,810**
Bank overdraft	**138,201**	**-**
Short-term borrowings	**130,547,945**	**-**
Other loans	**10,000,000**	**-**
Trade and other payables	**464,659,790**	**-**
Total	**655,083,266**	**169,240,810**

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	43,917,273	109,018,248
Bank overdraft	31,000,391	-
Short-term borrowings	51,443,750	-
Other loans	10,000,000	-
Trade and other payables	326,432,558	-
Total	462,793,971	109,018,248

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, 2018.

March 31, 2018	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Property, plant and equipment				
Land and buildings	-	-	416,042,396	416,042,396
Total	**-**	**-**	**416,042,396**	**416,042,396**

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:

	2018 $
Balance at April 1, 2017	**412,200,000**
Additions	**7,174,271**
Transfer	**5,679,406**
Depreciation	**(9,011,281)**
Balance at March 31, 2018	**416,042,396**

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:

	2018 $	2017 $
Financial assets		
Financial assets measured at amortised cost		
Loans and receivables		
Trade and other receivables	**382,565,648**	324,624,837
Cash and short-term deposits	**29,405,495**	25,225,310
Total	**411,971,143**	349,850,147
Financial liabilities		
Financial liabilities measured at amortised cost		
Non-current liabilities		
Borrowings	**169,535,183**	201,339,829
Current liabilities		
Bank overdraft	**138,201**	31,000,391
Short term borrowings	**125,000,000**	50,000,000
Other loans	**10,000,000**	10,000,000
Current portion of borrowings	**31,975,089**	31,934,940
Trade and other payables	**464,659,790**	326,432,558
Total	**801,308,263**	650,707,718

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.

MEDICAL DISPOSABLES & SUPPLIES LIMITED

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Form of Proxy

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]

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 10:00 a.m. on the 2nd day of October 2018 at the Courtleigh Hotel & Suites, 85 Knutsford Boulevard, Kingston 5 and at any adjournment thereof.

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.

ORDINARY RESOLUTIONS

	FOR	AGAINST
Special Resolution 1		
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		
Ordinary Resolution 6		
Ordinary Resolution 7		

Signed this ____________ day of ______________________________ 2018

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.

- *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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