The logo for MDS, with 'M' and 'S' in blue and 'D' in red, set against a background of a car's side mirror and a blurred road with light trails.

MEDICAL DISPOSABLES
& SUPPLIES LIMITED

Taking Care...

FAST FORWARD

2019 ANNUAL REPORT

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MDS – A FEW FAST WORDS



Medical Disposables & Supplies Limited (MDS) is an island-wide distributor of healthcare and consumer products with a catalogue spanning pharmaceuticals, vaccines, injectables, hospital supplies, medical disposable items, consumer products and beauty items. We actively ensure that the brands we represent are on the shelves of health and personal care providers and resellers but also facilitate 'walk-in' clients. We exist to provide an unparalleled experience in every aspect of our customer interaction and a world-class offering that will better the lives of our partners, our work family, our shareholders and the communities we serve.

FORWARD

FOREWORD



MISSION

Beat the Best!

VISION

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



It feels like just yesterday the MDS ticker was symbolically being placed on the Jamaica Stock Exchange board to commemorate the Company's listing on the Junior Market. But, fast forward into reality and here we are, five (5) years later, reflecting in awe on the time that has certainly flown by. During this period, the pace of business has ramped up by a rate that can be qualified as nothing short of rapid. We have moved to a new stand-alone location, gained new business lines, restructured the organisation into distinct divisions and expanded our traditional model to include additional channels, allowing us to service an even wider Customer base. Who knows what the next five (5) years will feel like? But, what is certain is that, as we continue to manifest the daily employment of our mission, we remain resolute to moving in the velocity and direction of our dreams ...

Fast. And Forward.

VALUES



Delighted
Customers



Fulfilled
Employees



Premium
Service



Quality
Assurance



Social
Responsibility

CORPORATE DATA



REGISTERED OFFICE

MEDICAL DISPOSABLES & SUPPLIES LIMITED

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

(876) 546-7411
(876) 906-9994-5

Email: info@mdsja.com
www.mdsja.com



DIRECTORS

CHAIRMAN
Mr. Winston Boothe

EXECUTIVES

Mrs. Myrtis Boothe
Miss Nikeisha Boothe

NON-EXECUTIVES

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

SECRETARY

Mr. Kurt Boothe

SENIOR OFFICERS

Mrs. Myrtis Boothe – Managing Director
Mr. Kurt Boothe – General Manager
Miss Nikeisha Boothe – Senior Marketing Executive
Ms. Janice Pitter – Financial Controller
Mr. Gerard Whyte – Quality Assurance & Special Projects Manager
Mr. Lenworth Murray – Divisional Sales Manager
Mrs. Antoinette McDonald – Divisional Sales Manager

ATTORNEYS-AT-LAW

PATTERSON MAIR HAMILTON
85 Hope Road
Kingston 5, Jamaica, W.I.

BANKERS

BANK OF NOVA SCOTIA JAMAICA LTD
Scotia Centre Branch
Cnr. Duke & Port Royal Streets
Kingston, Jamaica, W.I.

NATIONAL COMMERCIAL BANK

90 - 94 Slipe Road
Kingston 5, Jamaica, W.I.

SAGICOR BANK JAMAICA LTD.

17 Dominica Drive
Kingston 5, Jamaica, W.I.

AUDITORS

MAIR RUSSELL GRANT THORNTON
3 Houghton Avenue
Kingston 10, Jamaica, W.I.

REGISTRAR & TRANSFER AGENT

**JAMAICA CENTRAL SECURITIES
DEPOSITORY**
40 Harbour Street
Kingston, Jamaica, W.I.

REWIND << AGM 2018

While forging ahead, it is always quite useful to pause for a few moments, rewind our thoughts and relish some memorable stops along the way that helped move us forward to where we are today. Here are a few highlights from the past year.



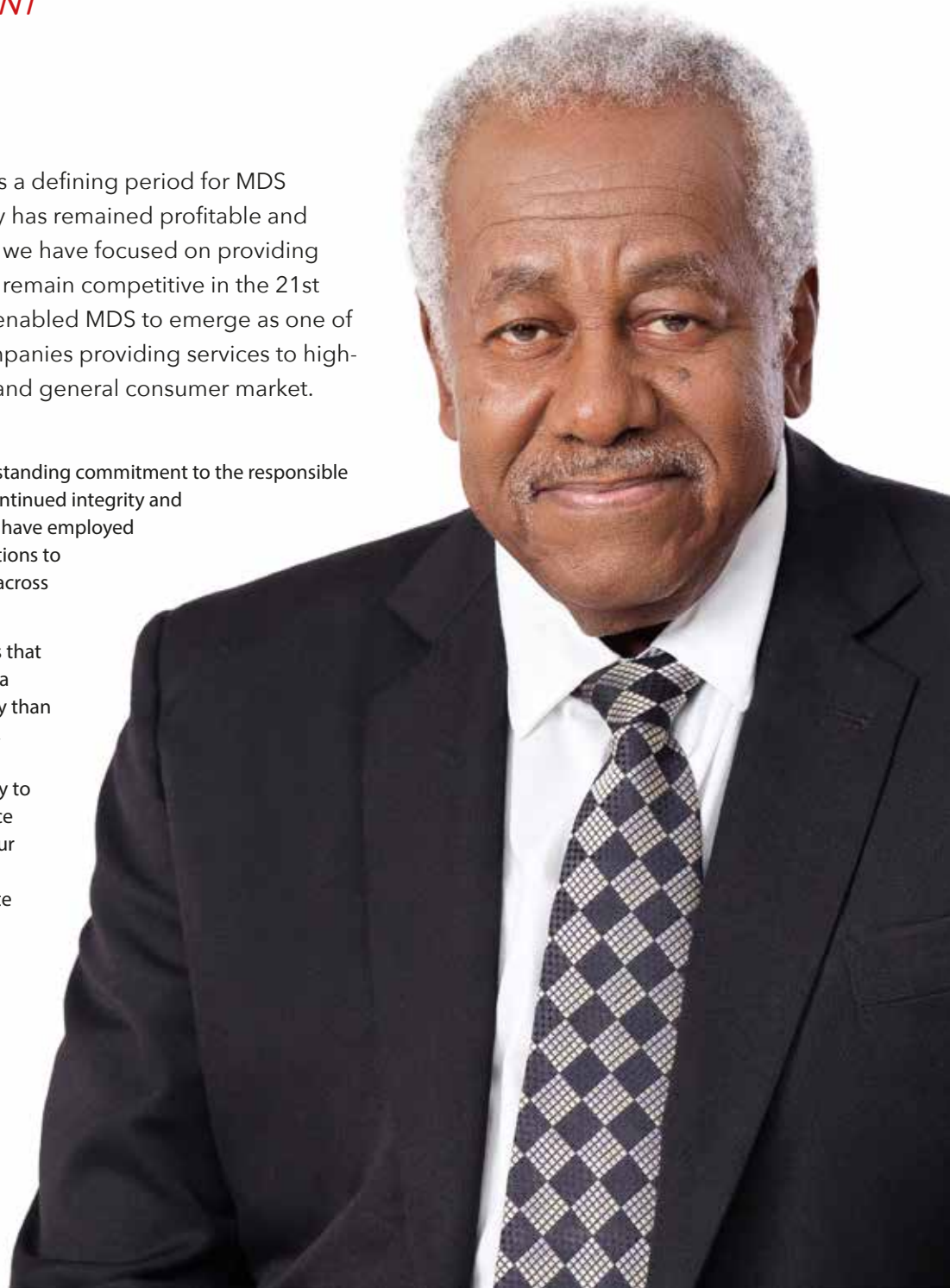
CHAIRMAN'S STATEMENT

The 2018 -19 financial year was a defining period for MDS and our clients. The Company has remained profitable and continued to grow. For years, we have focused on providing the services that our clients need to remain competitive in the 21st century. And our investments have enabled MDS to emerge as one of the fastest growing distribution companies providing services to high-valued segments of the healthcare and general consumer market.

Consequently, we have deepened our longstanding commitment to the responsible stewardship of technology to ensure the continued integrity and proper cyber security of Company data. We have employed advanced I.T and cloud-based security solutions to gather, integrate and analyse security data across multiple applications and tools.

Over the past year, we overcame challenges that emerged from the external environment in a manner that has made us more future-ready than ever before. The challenges of the past year, especially the volatility in foreign exchange markets, tested our organisational capability to counter headwinds. Ultimately, our resilience and improved working relationships with our banking partners have made us even more confident that we will continue to contribute positively to our stakeholders and to the Company's long-term progress.

The Hagley Park road works have been particularly disruptive to our business over the past year, reducing walk-in traffic, and affecting phone lines and utilities. However, our staff answered the call, and we have weathered the storm.



In spite of all internal as well as external factors, the Company performed rationally well, registering a profit and boosting revenues in the current Financial Year.

The Company managed to generate profit before tax of \$123.3M, which was \$13.7M or 12.5% above the previous year ended March 31, 2018. The Company continued to show robust growth in a number of areas. MDS reported gross profit of \$548.5M for the year ended March 31, 2019 which represented growth by \$87M or 19% when compared to the year ended March 31, 2018.

Operating expenses of \$361.9M increased by \$42.1M or 13.2% due mainly to the costs associated with our increased sales activity. Total assets grew by 13.86% or \$200.8M from \$1.45B to \$1.65B. 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.

During the past financial year, we established the proper infrastructural requirements for our Pharmaceutical, Medical and Consumer Divisions, which we view as a long term investment to facilitate the continued growth of the business. Our main focus for 2019 is to continue to supplement and build-out our divisions so that we can match and rival our competitors. We also made significant strides in our Medical Division, and we will continue to fine-tune and streamline this segment which was key to sparking our fourth quarter rally.

Sales revenue for the fourth quarter was \$641.3M compared to \$559.5M in the fourth quarter of the prior year, an increase of \$81.8M or 14.6%. Sales in this quarter were \$102.6M or 19% higher than that of the third quarter.

We believe in creating lasting relationships with our staff, partners and customers – building relationships based on honesty and trust – relationships that flourish. This motivates us to constantly find new ways to exceed the expectations of our partners and customers. To this end, we have put key strategies in place across all our divisions to realise our strategy of Necessary Organizational Wins (N.O.W).

The overall industry is undergoing rapid changes and it has become essential to continuously refine and sharpen our

capabilities. While responding to these changes is imperative, response capability alone will not be sufficient to generate long term sustainable value for stakeholders. We must continue to invest to further energise our portfolio and fuel the Company's long term growth.

Our mission can be achieved through sustainability, innovation and agility. We believe this can be accomplished by ensuring care and responsiveness to all our stakeholders, starting with our employees, then following with our customer, suppliers, and communities.

We have implemented important strategies in terms of our performance management and evaluation systems in anticipation of the future shape of the industry and we believe that taking these steps today, to rightly position the Company, is extremely important to the Board and our shareholders.

On behalf of the Board of Directors, I wish to express our gratitude to our valued customers for their loyalty and continued support 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.

We are sure that MDS will remain one of the fastest growing companies in the medical disposables market if we succeed in keeping the same ethical behaviour, team spirit and enthusiasm to achieve our chosen objectives, vision and overall mission.

Sincerely,



WINSTON BOOTHE
Chairman

GM'S STATEMENT

The MDS Team is pleased to report that the Company was able to generate a year-end profit in spite of the volatility of foreign exchange fluctuations that squeezed profit margins. We were able to weather the volatility in foreign exchange fluctuations over the past year through a combination of tireless efforts of the entire team in ensuring that we not only maintain the flag bearing standard, but continue to reinvent ourselves in a dynamic market.



We have succeeded in the initial phase of anticipating and mitigating problems. We optimised the use of staff to improve operational efficiency and put strategies in place to counteract the challenge of rising inputs and exchange rate volatility without overburdening the consumers.

We are implementing, monitoring/forecasting strategies as well as forging closer partnerships with our banking team to mitigate exchange rate uncertainty. We have improved our internal analytical structure, and now have a team dedicated towards an extensive analysis of the current and emerging trends and dynamics. This team also assists in tracking trends and identifying prevailing opportunities.

We invested in best-in-class technology intervention in terms of cyber security; improved cost competitiveness; managed cash flows; focused on value-added products to attract new customers; all the while streamlining our Divisions to manage our continued expansion.

We have been able to compartmentalise the Company as per our 2017 plan, and we will be proceeding to align long-term business strategies with diverse stakeholder expectations. Such an approach has enabled us to sustain our track record of growth.

We have entered into a competitive arena, going up against larger companies, and we must emulate and keep pace with the required infrastructure if we are to facilitate long-term growth.

Another mitigating factor which affected year-end profits for MDS



\$2.22B

*Annual Sales Revenue
(8.6% increase)*

12.5%

*Increase in Profit Before
Tax over last year*

\$548.5M

Gross Profit (18.8% increase)

this year was its payment of tax remission for the first time. The Company is in now its sixth year since being listed on the Junior Market of the Jamaican Stock Exchange.

As a result, MDS is now subject to fifty percent (50%) tax remission as of December 24, 2018. As such, profit after tax grew by \$3.2M or 2.9% from \$109.6M for the financial year ended March 31, 2018 to \$112.8M at the end of the current financial year.

We understand that a company's purpose informs its strategy and culture to underpin sustainable financial performance and, as such, we are seeking out new revenue-generating areas to boost profitability. Despite the challenges, we are still growing year over year.

Notwithstanding the material foreign exchange losses incurred

during the year, the Company still managed to generate profit before tax of \$123.3M, which was \$13.7M or 12.5% above the previous year ended March 31, 2018. The Company continued to show robust growth in a number of areas. MDS reported gross profit of \$548.5M for the year ended March 31, 2019 which represented growth by \$87M or 19% when compared to the year ended March 31, 2018.

In the meantime, there are promising signs which augur well for MDS' increased growth and stability.

Sales revenue for the fourth quarter was \$641.3M compared to \$559.5M in the fourth quarter of the prior year, an increase of \$81.8M or 14.6%. Sales in this quarter were \$102.6M or 19% higher than that of the third quarter.

Gross profit for the fourth quarter was \$182.4M compared to \$131.8M in the corresponding period in the previous year, an increase of \$50.6M or 38.4%. Gross profit in this quarter was \$57.9M or 46.4% higher than that of the third quarter.

We registered a record fourth quarter performance because of specific plans implemented in the Medical Division recently and we plan to press our advantage and build on these developments. We will continue to expand and streamline our Consumer Division. As we look beyond the challenges and toward the opportunities present, we will manage our expectations as expected net gains in this area are more medium to long-term in nature.

We consider the 2018/19 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 reinvent 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

*COMPETITION MAKES US **FASTER.**
COLLABORATION MAKES US **BETTER.***



NOTICE OF THE 6TH ANNUAL GENERAL MEETING

Notice is hereby given that the Sixth Annual General Meeting of Medical Disposables & Supplies Limited (the "Company") will be held on Tuesday, October 01, 2019 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:

1. RECEIPT OF AUDITED ACCOUNTS

To receive the Audited Accounts for the financial year of the Company ended March 31, 2019, 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, 2019, together with the Reports of the Directors and Auditors thereon be and are hereby adopted".

2. RETIREMENT OF DIRECTORS BY ROTATION AND RE-APPOINTMENT

THAT the following Directors of the Board who, being the longest serving have retired by rotation prior to the reading of the resolution in accordance with the Articles of Incorporation of the Company, and, being eligible, have consented to be re-appointed and to act on re-appointment:

Ordinary Resolution No. 2:
"That Mrs. Sandra Glasgow be and is hereby re-elected a Director of the Company for the ensuing Year".

Ordinary Resolution No. 3:
"That Dr. Vincent Lawrence be and is hereby re-elected a Director of the Company for the ensuing Year".

Ordinary Resolution No. 4:
"That Dr. Dahlia McDaniel Dickson be and is hereby re-elected a Director of the Company for the ensuing year".

3. DIRECTORS' REMUNERATION

To authorise the Board of Directors to fix the remuneration of Directors.

Ordinary Resolution No. 5:
"That the amount shown in the Audited Accounts for the year ended March 31, 2019 as fees to the Directors for services as Directors, be and is hereby approved".

4. RE-APPOINTMENT AND REMUNERATION OF AUDITORS

To appoint the Auditors and authorise the Board of Directors to fix the remuneration of the Auditors.

Ordinary Resolution No. 6:
"That Mair Russell Grant Thornton was selected by way of tender and having consented to continue as the Auditors of the Company be and are hereby appointed Auditors of the Company to hold office until the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company".

5. FINAL DIVIDEND

To approve aggregate dividends paid during the financial year.

Ordinary Resolution No. 7:
"THAT the aggregate amount of interim dividends paid to shareholders on record as at August 17, 2018, being J\$27,368,421 or J\$0.104 per ordinary share, be treated on the recommendation of the Directors as the final dividend for the financial year ended March 31, 2019".

6. OTHER ROUTINE BUSINESS

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

Ordinary Resolution No. 8:
"To transact any other ordinary business of the Company that can be transacted at an Annual General Meeting".

Dated this 17th day of July, 2019

BY ORDER OF THE BOARD



KURT BOOTHE
Company Secretary

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

THE BOARD OF DIRECTORS



***HAVE A CLEAR VISION OF YOUR FUTURE AND
TAKE ACTION EVERY DAY TO MOVE TOWARDS IT!***

MR. WINSTON BOOTHE

Chairman

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. With over 50 years of experience as a corporate executive, Mr. Boothe offers an impressive acumen, financial expertise and an expansive business network. He has served as a Director of the Petroleum Corporation of Jamaica, the Port Authority of Jamaica, Jamaica International Free Zone Development Limited, Master Blend Feeds and the Wortley Home for Girls. He has also held the post of Group VP of the Jamaica Broilers Group of Companies.



DR. VINCENT LAWRENCE

Non-Executive, Independent Director

Independent Chairman of the Compensation & Human Resources Committee and Independent Member of the Audit & Compliance Committee

During his over 50 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 Limited and member of the Incorporated Lay Body & the Diocesan Financial Board of the Diocese of Jamaica and the Cayman Islands.

THE BOARD OF DIRECTORS (CONT.)

MRS. SANDRA GLASGOW

*Non-Executive,
Independent Director*

Chairman of the Audit & Compliance Committee, Independent Member of the Compensation & Human Resources Committee and Mentor to the Board

Mrs. Glasgow, founder and Managing Director of BizTactics Limited, has played an integral role in supporting improvements in the Company's Corporate Governance frameworks and processes. A certified director, trainer in corporate governance board leadership and mentor, Mrs. Glasgow sits on the Boards of Directors of four companies listed on the Main and Junior Markets of the Jamaica Stock Exchange, private companies and not-for-profits. She is the past 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.



DR. DAHLIA McDANIEL DICKSON

*Non-Executive,
Independent Director*

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 30 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 two thriving pharmacies and a medical clinic.

THE BOARD OF DIRECTORS (CONT.)

MRS. MYRTIS BOOTHE

Executive Director

Founder & Managing Director

With over 50 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) – where she has been successfully leading the charge ever since.



MR. KURT BOOTHE

Executive Director

General Manager & Company Secretary

Kurt Boothe joined the Company in 2006 after residing in Florida for over a decade. Mr. Boothe's financial acumen, intimate familiarity with global best practices and openness to the application of modern solutions to business challenges are welcomed additions to the skill sets of the Company. While in Florida, as part of the American Express Financial Advisors Team 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.

MS. 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 Limited (franchise holders for Popeyes and Burger King in Jamaica). These have provided her with an in-depth knowledge in advertising, media, production, public relations, event planning, consumer behaviour, budget management and financial marketing. Miss Boothe graduated with honours from the University of Miami where she earned a B.A. in International Marketing and Finance and holds an MBA with concentration in Marketing from the Mona School of Business.



DIRECTORS' REPORT

The Directors of Medical Disposables & Supplies Limited are pleased to present their Report for the 12 months ending March 31, 2019.

FINANCIAL RESULTS

The Statement of Comprehensive Income shows pre-tax profits of \$123.3M and post-tax profits of \$112.7M. 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, 2019 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 Dr. Vincent Lawrence, Mrs. Sandra Glasgow and Dr. Dahlia McDaniel Dickson but, being eligible, all will offer themselves for re-election.

AUDITORS

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

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

Dated this 24th day of July, 2019
BY ORDER OF THE BOARD

KURT BOOTHE
Company Secretary

THE MANAGEMENT TEAM





LEADING US FORWARD

Members:**MRS. MYRTIS BOOTHE****MR. KURT BOOTHE****MS. NIKEISHA BOOTHE****MR. GERARD WHYTE***Quality and 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 now taken a new direction, a necessary development in this ever-evolving Company, as the Quality and Special Projects Manager.

**MR. LENWORTH MURRAY***Divisional Sales Manager
(Pharmaceutical Division)*

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
(Pharmaceutical Division
and Medical Division)*

Having joined the MDS family as Sales Supervisor in 2016, Mrs. McDonald is considered the newest kid on the management block. Duly impressed by her offerings, 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 entire Medical Division. Through keen analysis of the internal and external environments, she guides the Sales and Medical teams to optimise business outcomes. Additionally, she manages 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 served to equip her to make a profound footprint on the MDS team through the depth of knowledge gleaned from her broad wealth of experiences and her uncanny way of engaging people – both staff and customers alike.



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 SHAREHOLDERS AS AT MARCH 31, 2019

Shareholders	Number of Units	Shareholding %
Kurt Boothe	50,986,333	19.37%
Myrtis Boothe	50,000,000	19.00%
Winston Boothe	50,000,000	19.00%
Nikeisha Boothe	50,000,000	19.00%
Mayberry Jamaican Equities Limited	13,906,428	5.28%
Mayberry Managed Clients A/Cs	7,744,139	2.94%
Apex Pharmacy	3,496,926	1.33%
VM Wealth Equity Fund	2,968,948	1.13%
Nigel Coke	1,825,092	0.69%
Lawrence and Associates	1,284,222	0.49%
Konrad Limited	1,204,337	0.46%
Dahlia McDaniel-Dickson	1,159,398	0.44%

SHAREHOLDING OF DIRECTORS AND SENIOR MANAGERS AT MARCH 31, 2019

Directors	Total	Direct	Connected Parties
Kurt Boothe	200,986,333	50,986,333	150,000,000
Myrtis Boothe	200,986,333	50,000,000	150,986,333
Winston Boothe	200,986,333	50,000,000	150,986,333
Nikeisha Boothe	200,986,333	50,000,000	150,986,333
Dahlia McDaniel-Dickson	1,459,398	1,159,398	300,000
Vincent Lawrence	1,284,222	Nil	1,284,222
Sandra Glasgow	Nil	Nil	Nil

Senior Managers	Total	Direct	Connected Parties
Kurt Boothe	200,986,333	50,986,333	150,000,000
Myrtis Boothe	200,986,333	50,000,000	150,986,333
Nikeisha Boothe	200,986,333	50,000,000	150,986,333
Janice Pitter	91,000	82,000	9,000
Lenworth Murray	63,000	63,000	Nil
Gerard Whyte	54,000	54,000	Nil



CORPORATE GOVERNANCE

Corporate Governance Statement

The Board of Directors of Medical Disposables and Supplies Limited (“The Company”) has assessed the Company’s governance structure and practises to ensure that they are consistent both in form and substance with best practises in corporate governance. The Board considers that the Company is substantially in compliance with the Corporate Governance Guidelines of the Jamaica Stock Exchange (JSE) and The Private Sector Organisation of Jamaica’s Code on Corporate Governance. 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 Company is fully compliant with the provisions of its Articles of Association, The Companies Act, 2004, the Pharmacy Act and its regulations and other applicable legislation.

Further information on the Company’s governance policies and practises may be found on the Company’s website at <http://www.mdsja.com> under the tab: “Investor Relations”/Corporate Governance. The Board’s responsibilities and functions are summarised in the Board 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.

ROLE OF THE BOARD

The Board is responsible for the supervision of the business and affairs of the Company and the monitoring of the performance of the Company, on behalf of shareholders. The Board also places emphasis on compliance with the laws and regulations governing how the business operates in Jamaica.

The Board is responsible for directing the Company and enhancing its long-term value for shareholders. The Board Charter adopted by the Board details the Board's roles, responsibilities, membership and operations.

Responsibility for the day-to-day management of the Company is delegated to the Managing Director, General Manager and other members of the management team. A key responsibility of the Board is oversight of senior management and, in this regard, all members of the senior management team identify annual goals and objectives and are subject to an annual performance appraisal.

STRUCTURE OF THE BOARD

Pages 16 - 19 of the Annual Report sets out the qualifications, expertise, experience and length of service of each director serving on the Board as at the date of this report. The Board currently comprises seven directors, four of whom, Chairman Winston Boothe, Dr. Vincent Lawrence, Sandra A. C. Glasgow and Dr. Dahlia McDaniel Dickson, are non-executives. The other three executive directors are Managing Director, Myrtis Boothe, General Manager, Kurt Boothe and Marketing Manager, Nikeisha Boothe.

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

BOARD INDEPENDENCE

In determining whether members of the 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.

BOARD MEETING ATTENDANCE

The Board met six 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 75% 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 member	# meetings attended	Overall attendance %
Winston Boothe, Chairman	6	100%
Myrtis Boothe	6	100%
Kurt Boothe	6	100%
Nikeisha Boothe	6	100%
Sandra A. C. Glasgow	5	83%
Dr. the Hon. Vincent Lawrence, OJ	5	83%
Dr. Dahlia McDaniel Dickson	6	100%

BOARD RESPONSIBILITIES

Throughout the year, the Board discharged its responsibilities in the following areas:

Governance

- Approved policies and procedures to guide the conduct of

Management and employees;

- Provided oversight over Management’s activities.

Strategy

- Discussed and approved the Corporate Plan and Budget for 2018/2019
- 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;
- Considered and approved proposals for new business development;
- Approved new banking arrangements and facilities;
- Approved the write-off of bad debts.

Human Resources

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

The Board's structure enables directors with a range of experiences and expertise to contribute to the growth and development of the Company. The directors have key competencies in a diverse range of business areas.

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 below.

- 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 Committees

AUDIT AND COMPLIANCE COMMITTEE

The Audit and Compliance Committee assists the Board in fulfilling its responsibilities to shareholders in overseeing the Company's financial statements, financial reporting processes, internal accounting systems and financial controls, the annual external financial audit and the Company's relationship with the external auditor. In addition, the Audit and Compliance Committee is responsible for the establishment of and procedures relating to risk oversight, identification, management and control and the process for monitoring compliance with laws and regulations.

The Audit and Compliance Committee Charter, which outlines the Committee's authority, duties, responsibilities and relationship with the Board is available on the Company's website at <http://www.mdsja.com>.

There were four Committee meetings held during the year under review. Members of the Management Team, the Financial Controller and the External Auditor attended meetings at the invitation of the Committee. Attendance by Directors at meetings of the Committee is detailed below:

Audit and Compliance Committee member	# meetings attended	Overall attendance %
Sandra A. C. Glasgow Chairman	4	100%
Dr. the Hon. Vincent Lawrence, OJ	3	75%
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.

Financial and Non-financial Reporting

The Company releases quarterly unaudited accounts to shareholders and the annual audited financial statements. The Committee has received assurances from the Financial Controller that, in her opinion, the financial records of the Company have been properly maintained and that the financial statements and notes required under International Financial reporting Standards give a true and fair view of the financial position and performance of the Company.

External Auditor

In July 2018, the Audit and Compliance Committee, along with the Chief Financial Officer, reviewed the audit firm's performance as is required under the Committee's charter.

As part of this assessment, the Committee utilised a formal questionnaire completed by Management and members of the Committee which was arranged in four sections:

1. Quality of services and sufficiency of resources provided by the External Auditor – The Engagement Team
2. Quality of services and sufficiency of resources provided by the External Auditor – The Audit Firm
3. Communication and interaction with the External Auditor, and
4. Auditor Independence, Objectivity and Professional Scepticism

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 2017/2018.

At the Annual General Meeting held on October 2, 2018, shareholders voted for the Company's external audit services to be put to tender for the financial year 2018/2019. Arising from this decision, a selective tender process was used to invite the following firms to submit proposals for the provision of audit services:

1. Mair Russell Grant Thornton
2. BDO
3. Ernst & Young
4. HLB Boldeck
5. Baker Tilly Strachan Lafayette

All the firms responded to the invitation and all submissions were considered to be responsive, having met all the requirements of the tender.

An Evaluation Committee comprising members of the Management Team evaluated the tenders, using an evaluation instrument under which points were assigned to areas covered by the following criteria:

- I. Technical and Knowledge Capability
- II. Methodology for Performing the Assignment
- III. Financial Capability

At the end of the process, Mair Russell Grant Thornton emerged as the winning bidder, and, on the recommendation of the Audit and Compliance Committee, the Board approved the appointment of the audit firm to be the Company's Auditor and to hold office until the next Annual General Meeting.

The External Auditor attends the Company's Annual General Meeting and is available to answer any questions asked by shareholders in relation to the Company's audited financial statements and the audit itself.

COMPENSATION AND HUMAN RESOURCES COMMITTEE

The Compensation and Human Resources Committee assists the Board by establishing relevant remuneration policies and practices for Directors, executives and employees. These include such matters as incentive schemes and retirement benefit arrangements for staff and reviewing and recommending appropriate Board fees.

The Committee met three times during the year under review as outlined below:

Compensation & Human Resources 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%



Remuneration for Non-Executive Directors

Remuneration for Non-Executive Directors reflects the demands which are made on, and the responsibilities of the Directors. The Board ensures that the fees paid are appropriate and in line with the market.

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 Compliance Committee and Human Resources and Compensation Committee:

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

The following fees were earned by Non-Executive Directors during the year ended March 31, 2019:

Director	Retainer	Board & Committee Member Fees	Total
Winston Boothe	\$250,000.00	\$463,750.00	\$713,750.00
Dr. The Hon. Vincent Lawrence, OJ	\$250,000.00	\$363,750.00	\$613,750.00
Sandra A. C. Glasgow	\$250,000.00	\$372,500.00	\$622,500.00
Dr. Dahlia McDaniel Dickson	\$250,000.00	\$393,750.00	\$643,750.00
Total	\$1,000,000.00	\$1,593,750.00	\$2,593,750.00

RISK MANAGEMENT

The Company defines risk management as the identification, assessment and treatment of risks that have the potential to materially impact the Company's operations, its financial viability, its employees, its reputation and the environment and communities in which the Company is situated.

The Company's risk management framework is tailor-made to the industry in which the Company operates and is embedded largely within existing policies and processes and is aligned to the Company's strategic objectives, both short and long-term.

The Company's Audit and Compliance Committee assists the Board in identifying and monitoring material business risks and the Management Team reports to the Audit and Compliance Committee and the Board on whether the Company's material business risks are being managed effectively. The Compensation and Human Resources Committee assists the Board by overseeing compliance with the Company's 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. Non-compliance with the policies contained in the Code may result in disciplinary action, up to and including termination of employment and/or legal action.

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.

SHAREHOLDER RIGHTS AND COMMUNICATION

Respecting the rights of shareholders is of great importance to the Company and a key element of this is how the Company communicates with its shareholders. The Company's Disclosure Policy, which is available on the Company's website, <http://www.mdsja.com> under the "Investor Relations"/Corporate Governance tab sets out the principles under which information is disclosed to shareholders and other interested parties.

The 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. The Company wishes to ensure that shareholders and financial analysts can make informed decisions about the Company.

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.

ANNUAL GENERAL MEETING

The Company encourages full participation of shareholders at the Company's Annual General Meeting to ensure a high level of accountability and identification with the Company's strategies and goals. The Company encourages shareholders to attend the meeting by giving advanced notice of the date, venue and time of the meeting. The Company's next AGM will be held on 01, October, 2019 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. The Notice includes the resolutions to be put to shareholders for approval at the AGM.

All Directors attended the 2018 AGM and all the Directors are expected to attend the 2019 AGM.



Sandra A. C. Glasgow

Mentor





MANAGEMENT DISCUSSION & ANALYSIS

For the financial year ending March 31, 2019, MDS Ltd. continued to grow its income and diversify profit sources, enabled by improved operational efficiency. This has resulted in our revenues once again surpassing the J\$2 billion mark. Net profit after tax increased by 2.9% from J\$109.6 million for the 2017/18 year to J\$112.8 million for the 2018/19 year. Revenue for the year was J\$2.22 billion, growing by J\$176.5 million or 8.6% over 2017/18.

BUSINESS REVIEW

The Company's continued strategy of continual revision of the operational procedures (with the help of Ernst & Young) saw us further streamlining the fast growing Medical and Consumer Divisions. This included having a division manager, establishing a centralised quotation system, launching the constituency visits programme and continuing the strategic increase in prices in the vaccine segment. This has been the impetus for a solid performance for the year and a platform for increased growth in the upcoming 2019/20 financial year.

The newly reorganised Divisions have led to an increase in the full complement of sales representatives, assigned to different territories across the island, to meet the demands of each Division, leaving no gaps in coverage of our customers. We have successfully expanded our product offerings

FINANCIAL HIGHLIGHTS AND PERFORMANCE

For year ended March 2019

REVENUE

\$2.22B

a year-over-year increase of \$176.5M or 8.6%

EBITDA

\$190.3M

a year-over-year increase of \$22.2M or 13.2%

NET PROFIT

\$112.8M

a year-over-year increase of \$3.2M or 2.9%

TOTAL ASSETS

\$1.65B

a year-over-year increase of 13.8% from \$1.45B

TOTAL STOCKHOLDER'S EQUITY

\$759.2M

a year-over-year increase of \$86.1M or 12.8%

Five-Year Financial Review

In millions of dollars

	2019	2018	2017	2016	2015
Profit and Loss Summary					
Profit After Tax	112,762.00	109,589.00	100,573.00	96,077.00	84,569.00
EBITDA	190,274.00	168,012.00	157,069.00	131,618.00	107,400.00
Balance Sheet					
Total assets	1,648,916.00	1,448,101.00	1,214,247.00	1,121,697.00	956,343.00
Total liabilities	889,704.00	774,972.00	650,708.00	633,684.00	553,880.00
Stockholders' equity	759,212.00	673,129.00	563,539.00	488,013.00	402,463.00
Important Ratios					
Gross profit margin	25%	23%	24%	26%	26%
Debt to equity	56%	50%	58%	61%	74%
Return on equity	16%	18%	19%	22%	22%
Current ratio	1.22	1.20	1.62	1.45	1.94



and improved prices of our products in the market. Furthermore, we have continued to take steps in embracing real time decision-making driven by data analytics and investment in Information Technology (IT). The results from these fundamental initiatives were well-reflected during the fourth quarter when profit increased 193% to J\$38.2 million compared to the previous quarter.

A reduction in net margins was realised as a result of MDS capitalising on opportunities in new areas that yielded lower margins. However, we aim to compensate these areas with higher volumes through expanding our customer universe and more cash sales. Stock variances, resulting in loss of sales, was significantly reduced for the year.

The year ending March 2019 yielded revamped results with gross operating revenue amounting to J\$2.22 billion, which was 8.6% up from year before.

A major reason for this was our growth in the Medical Division and Consumer Division which recorded astronomical profits due to their expansion. With yet another year of increased revenues, the gross profit margins grew 18.8% to J\$548.5 million. This was due to the overall increase in product offerings and subsequent growth in margins enabled by organisational streamlining and reorganisation of the three divisions (Medical, Pharmaceutical and Consumer) with the inclusion of Department Managers.

TOTAL REVENUES AND GROSS PROFIT

Revenue for the year of J\$2.22 billion, grew by J\$176.5 million or 8.6% when compared to 2017/18. This was mainly attributable to an increase in product offerings, price increases, reduction in stock variances and expired goods, reduction in out-of-stock scenarios and growth in our new Consumer business segment.

OPERATING EXPENSES

Operating expenses of \$361.9M increased by \$42.1M or 13.2% due mainly to the costs associated with our sales growth. This included:

- Salaries and commissions increases of J\$13.5 million or 15.3% due to additional staff required to facilitate the increase in commercial activity in the Warehouse and Sales Departments.
- Delivery expenses increased by J\$4.6 million or 26.1% consistent with increase in fuel and sales levels from expansion.
- Professional and Information Technology consultancy fees fell by J\$3.3 million or 22.0%;
- Security costs increased by J\$1.1 million or 17.8%. This is in line with increases in security charges and additional facilities monitoring.



MDS Ltd. remains optimistic and upbeat in its continued upgrade of its operations. We will strive to achieve ongoing excellence in Information Systems upgrades leading to greater efficiencies.

MD&A

- Utility expenses increased by J\$2.6 million or 20.7% due to increased consumption costs.

Total non-operational expenses of \$63.3M increased by \$32.2M or 96.8%. The increase was accentuated by the significant loss on foreign exchange of \$23.3M due to the rapid devaluation of the Jamaican Dollar to the United States currency. This was an increase of \$25.9 million or 978% when compared to the previous year ended March 31, 2018. Furthermore, there was a 7.1% weakening in the value of the Jamaican Dollar during the 3-mth period July - August 2018, an anomaly that severely affected cost of sales during that period.

EARNINGS PER SHARE

Earnings per share grew to \$0.43 or 2.3% compared to \$0.42 in 2017/18.

TOTAL ASSETS AND LIABILITIES

Total assets grew by 13.8% or J\$200.8 million from J\$1.45 billion to 1.65 billion. The Company's inventories and receivables balances increased as a direct result of the expanded business opportunities, most notably, additions to the Consumer Division, which is reflected in the overall increase in sales revenue.

These assets were supported by shareholder's equity of J\$759.2 million and liabilities of J\$889.7 million. An increase of \$86.1 million or 12.8% and \$114.7.0 million respectively. The company's liquidity position remains healthy. In fact, the Company distributed dividends of 10.4 cents per share for the year ended March 31, 2018 to shareholders on record as at August 17, 2018 representing a total pay-out of \$27.4 million.

Current assets grew 20.8% from J\$961.5 million to 1.2 billion. 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 19.2% from J\$543.8 million to J\$648.0 million.

Receivables grew by 21.9% from J\$386.0 million to J\$470.6 million. Current Liabilities grew by 27.9% from J\$589.8 million to J\$754.6 million. The increase in current liabilities was due mainly to an increase in short-term facilities usage of J\$94.5 million. This was done to support the working capital needs based on the growth of our relatively new Consumer Division.

LOOKING FORWARD: OUR STRATEGY

MDS Ltd. remains optimistic and upbeat in its continued upgrade of its operations. We will strive to achieve ongoing excellence in Information Systems upgrades leading to greater efficiencies. Big on our list of priorities this year is the implementation of advanced quality assurance measures. We will also be incorporating more training for staff with the aim of engaging and developing our greatest asset, which is our people. We hope to complete our recruitment of high-level individuals required to support anticipated growth in the medium term. The goal is thus to attain a level of organisational infrastructure to compete with the country's top tier distributors.

For our Medical Division, we intend to increase our response capabilities to more healthcare facilities island-wide. Additionally, we will continue to build out the developing Consumer Division by increasing our points of distribution and improving our marketing capabilities.

MDS maintains a long-term outlook of growth for its shareholders; continued strengthening of the organisational framework is the underlying strategy in carrying out this vision. Hence, it requires sustained investments and re-tooling to maintain its steady growth trajectory. The team is committed to continuing the disciplined implementation of their principles and look forward to another successful year.

GROWING FORWARD

HUMAN RESOURCES

As the business continues to grow, it is increasingly important to ensure that we retain and engage forward thinking team members who will put the next phase of our journey on the right footing and pointed in the right direction; a mindset needed for the adaptation to an ever-changing business environment. It stands to reason that our Human Resources (HR) Team is not only committed to working towards attracting and retaining a top-talented and diverse workforce, but incorporating team players who are of the right fit for the organisation – culturally and functionally. To this end, there have also been a few internal shifts to ensure that our personnel sit in positions that best utilise their skill sets, sharpen their effectiveness and allow them to excel in professional and personal capacities.

The Company continues to become more structured and streamlined, allowing us to become ever more focused on both the grand picture and the finer details – enabling us to have our finger on the pulse of market happenings. The strengthening of the Company by segmenting it into Divisions spearheaded by Divisional Managers has proven to be a prudent strategy, one that should be further emboldened by the creation of positions which will be filled in the upcoming year. One particular area of



*“IF EVERYONE IS **MOVING FORWARD**
TOGETHER, SUCCESS TAKES CARE OF ITSELF.”*





note that we are intent on formally introducing, monitoring and measuring is the area of Quality. This shift in adding the functions of Quality Control and Quality Assurance to our operation is in keeping with our objective of attaining the highest level standards that make us truly world class and able to take care of our partners with unparalleled efficiency and care.

As part of this concentration on world standards, our Standard Operating Procedures were fine-tuned. A full training was completed and a system implemented for its continual review – with responsibility residing within the Operations portfolio.

Personal Growth, Training and Development

Training and development are key functions of HR at MDS Limited. Resulting from the Performance Appraisal System, the Company engaged employees from the Warehouse, Accounts and Customer Care Teams along with members of the Management Team in an intense in-house Microsoft Excel 2016 Training Programme during the financial year.

From the beginner's level (level 1) to the intermediate level (level 2), employees were exposed to different functions of Microsoft Excel. The objectives of the training were to expose some employees who were at the beginner's stage to the world of Microsoft Excel for the first time and to enable those at the intermediate level to acquire greater skills which would enable them to be much more proficient in the execution of their duties.

With our next training session in this area being at the advanced level (level 3), we are indeed proud of the fact that our participants who were considered to be beginners at the onset will be qualified to participate at the advanced level.

Caring for our individuals means taking an interest in how they can enhance the personal areas of their life as well, which seamlessly fits into our 360° approach. In an attempt to allow our team to 'Beat the Best', we have to promote activities that allow them to be their best. As part of our Product Sessions, we have had a number of invited guests who are young forward thinking stalwarts in their field impart useful life tips and skills to our team. Three such instrumental individuals were: Najah Peterkin, Regional Customer Experience and Channels Manager at NCB Capital Markets; Naomi Garrick, Lead PR Chick and Personal Branding Specialist at Garrick Communications; and Dr. Thea-Nicole Davis, OB/GYN Consultant.





rePLAY

All fun and no play... well, you know how the rest of that saying goes. You can't function at your best level when your batteries need to be recharged. In the same way we are intent on producing results, so too are we equally committed to sprinkling good wholesome fun wherever possible. Of note were our inaugural replay Games Evening and our End-of-Year Fling.

Keeping Pace

Moving quickly is not only a requirement for keeping pace with the industry's tempo; it is a business instinct that we hone; it is the cornerstone on which our service is built. Speed means everything to our Customers and, in turn, it is of significance to us - but not to the detriment of quality. Both ingredients help us to take care of all with whom we come in contact and make an impact in the lives of persons from all walks of life across Jamaica.





Nannyville: New Year's Day Treat

PAYING IT **FORWARD**

CORPORATE SOCIAL RESPONSIBILITY

*"Gifts aren't to be paid back.
They are to be paid forward."*

Throughout our years of operation, we have been blessed, not only through persons who may have paid it forward, but some who have prayed it forward. So impressive have these seeds been that we find it our joy and our duty to sprinkle these seeds forward on other potentially fertile ground.

CARING FOR WARDS

This year, we embarked on a drive to donate many essential items to a number of hospital wards to off-set a patient sector that is unfortunately widening: oncology. With a few of our supplying partners (namely, Dr. Reddy's Laboratories), we were able to help to make some hospitals a little bit 'better'. Some of which included: The University Hospital of the West Indies, Cornwall Regional Hospital, Spanish Town Hospital and the Kingston Public Hospital.

SPONSORSHIP AND SUPPORT

Here are but a few of the sporting events and community based outreach projects of which we have been proud to play a part this year.

Wesley Powell Athletics Development Meet



Island Child Style: Kids' Runway Fashion Event



Coaches Are Forever



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AUDITED FINANCIAL STATEMENT

MDS 2019 ANNUAL REPORT



Independent auditor's report

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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 separate financial statements of Medical Disposables & Supplies Limited (“the Company”) which comprise the statement of financial position as at March 31, 2019, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2019, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

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

Key Audit Matters

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

Allowance for expected credit losses

As at March 31, 2019 trade and other receivables after allowance for expected credit losses of \$12,206,445 amounted to \$390,206,586 or 23.7% of the total assets. We consider the measurement of expected credit losses a key audit matter as the determination is based on management’s judgement and subject to significant uncertainty.

Chartered Accountants.

Mair Russell Grant Thornton (MRGT) is a partnership registered in Jamaica. Registered Office: 3 Houghton Avenue Kingston 10, Jamaica. MRGT is a member firm of Grant Thornton International Limited (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another’s acts or omissions. Please see grantthornton.co.global for further details.

twitter.com/GrantThornton

Partners:
Sixto P. Coy
Karen A. Lewis

To the Members of
Medical Disposables & Supplies Limited

Report on the Audit of the Financial Statements (cont'd)

Allowance for expected credit losses (cont'd)

The principles for determining expected credit losses are described in the summary of significant accounting policies. The management of credit risk and the review for impairment have been described in more details in (Note 27b) to the financial statements.

How our audit address the key audit matter

Our audit procedures included, amongst others:

- To ensure compliance with IFRS 9, we evaluated the techniques and methodologies used by the company in order to assess expected credit losses.
- Evaluate the information of economic parameters included in the forward looking information.
- Testing the accuracy of the ECL calculation.
- Testing subsequent collection from selected overdue customer assets.
- Assess the adequacy of the disclosure in the financial statements.

In addition, we assessed and validated the inputs used and assumptions applied in determining the loss rates which are integral to the provision matrix used in determining the expected credit losses for trade receivables.

Other information

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

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

To the Members of
Medical Disposables & Supplies Limited



Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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.

Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.



To the Members of
Medical Disposables & Supplies Limited

Report on the Audit of the Financial Statements (cont'd)

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

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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Mr. Sixto P. Coy.

Kingston, Jamaica

May 27, 2019


Chartered Accountants

*STATEMENT
OF FINANCIAL
POSITION*

March 31, 2019

	Note	2019 \$	(Restated) 2018 \$
Assets			
Non-current assets			
Property, plant and equipment	(5)	557,723,750	510,244,320
Intangible assets	(6)	1,792,313	2,650,724
		<u>559,516,063</u>	<u>512,895,044</u>
Current assets			
Inventories	(7)	647,955,332	543,782,120
Trade and other receivables	(8)	390,206,586	356,229,356
Prepayments		10,621,009	3,454,256
Taxation recoverable		2,337,129	2,334,720
Cash and short-term deposits	(9)	38,279,922	29,405,495
		<u>1,089,399,978</u>	<u>935,205,947</u>
Total assets		<u>1,648,916,041</u>	<u>1,448,100,991</u>
Equity and liabilities			
Equity			
Share capital	(10)	107,835,764	107,835,764
Revaluation reserve	(11)	48,198,190	48,198,190
Retained profits		603,178,188	517,095,066
Total equity		<u>759,212,142</u>	<u>673,129,020</u>
Liabilities			
Non-current liabilities			
Borrowings	(12)	126,583,691	169,535,183
Deferred tax liabilities	(13)	6,836,034	-
		<u>133,419,725</u>	<u>169,535,183</u>
Current liabilities			
Bank overdraft	(14)	204,610	138,201
Current portion of borrowings	(12)	42,314,357	31,975,089
Short term borrowings	(12)	245,346,138	125,000,000
Other loans	(12)	10,000,000	10,000,000
Trade and other payables	(15)	454,701,255	438,323,498
Income tax payable		3,717,814	-
		<u>756,284,174</u>	<u>605,436,788</u>
Total liabilities		<u>889,703,899</u>	<u>774,971,971</u>
Total equity and liabilities		<u>1,648,916,041</u>	<u>1,448,100,991</u>

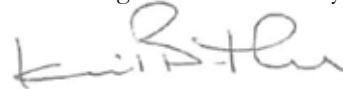
The notes on the accompanying pages form an integral part of these financial statements.

Approved for issue by the Board of Directors on May 27, 2019 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, 2019

	Note	2019 \$	2018 \$
Revenue	(4c)	2,221,895,285	2,045,443,487
Cost of sales		(1,673,385,401)	(1,583,920,694)
Gross profit		548,509,884	461,522,793
Other income	(16)	5,458,992	4,384,040
Administrative expenses	(17)	(194,817,586)	(171,086,430)
Selling and promotional costs	(17)	(145,095,528)	(127,848,306)
Impairment loss on financial assets		(2,052,419)	(2,117,196)
Depreciation and amortisation		(25,380,120)	(23,052,275)
Operating profit		186,623,223	141,802,626
Finance income	(18)	20,993	23,204
Finance cost	(18)	(41,547,833)	(35,309,807)
Gain on disposal of property, plant and equipment		1,505,500	484,580
(Loss)/gain on foreign exchange		(23,255,775)	2,648,944
Profit before tax		123,346,108	109,649,547
Income tax expense	(19)	(10,583,848)	(60,000)
Profit for the year		112,762,260	109,589,547
Total comprehensive income for the year		112,762,260	109,589,547
Earnings per share	(20)	0.43	0.42

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



STATEMENT OF CHANGES IN EQUITY

Year ended March 31, 2019

	Share Capital \$	Revaluation Reserve \$	Retained Profits \$	Total \$
Balance at April 1, 2017	107,835,764	48,198,190	407,505,519	563,539,473
Profit for the year				
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
Adjustment from the adoption of IFRS9	-	-	689,283	689,283
Restated balances as at April 1, 2018	107,835,764	48,198,190	517,784,349	673,818,303
Dividends (Note 21)	-	-	(27,368,421)	(27,368,421)
Transaction with owners	-	-	(27,368,421)	(27,368,421)
Profit for the year				
being total comprehensive income for the year	-	-	112,762,260	112,762,260
Balance at March 31, 2019	107,835,764	48,198,190	603,178,188	759,212,142

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

**STATEMENT OF
CASH FLOWS**

Year ended March 31, 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities:			
Profit before tax		123,346,108	109,649,547
Adjustments for:			
Depreciation and amortisation	(5&6)	25,380,120	23,052,275
Interest expense	(18)	41,547,833	35,309,807
Adoption of IFRS9		689,283	-
Interest income	(18)	(20,993)	(23,204)
Gain on disposal of property, plant and equipment		(1,505,500)	(484,580)
		189,436,851	167,503,845
Increase in inventories		(104,173,212)	(174,399,426)
Increase in trade and other receivables		(33,977,230)	(57,940,811)
(Increase) /decrease in prepayments		(7,166,753)	2,124,874
Increase in trade and other payables		16,377,757	137,969,732
Cash generated from operations		60,497,413	75,258,214
Interest paid		(41,547,833)	(35,052,307)
Income taxes paid		(30,000)	(60,000)
Net cash provided by operating activities		18,919,580	40,145,907
Cash flows from investing activities:			
Interest received (net of withholding tax)		18,583	23,048
Purchase of property, plant and equipment	(5)	(72,213,138)	(48,414,335)
Proceeds from disposal of property, plant and equipment		1,717,500	875,500
Purchase of intangible asset	(6)	-	(823,248)
Net cash used in investing activities		(70,477,055)	(48,339,035)
Cash flows from financing activities:			
Proceeds from borrowings		394,096,138	268,750,000
Repayment of borrowings		(306,362,224)	(225,514,497)
Dividends paid		(27,368,421)	-
Net cash provided by financing activities		60,365,493	43,235,503
Net increase in cash and cash equivalents		8,808,018	35,042,375
Cash and cash equivalents at beginning of year		29,267,294	(5,775,081)
Cash and cash equivalents at end of year	(9)	38,075,312	29,267,294

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

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2019

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, 2018

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.

IFRS 9 'Financial Instruments'

IFRS 9 replaces IAS 39 'Financial Instruments' Recognition and Measurement. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets.

When adopting IFRS 9, the company has applied transitional relief and opted not to restate prior periods.

The adoption of IFRS 9 has impacted the following areas:

- Investment in quoted equity securities previously classified as available-for-sale (AFS) investments under IAS 39 are now measured at fair value through profit or loss as the cash flows are not solely payments of principal and interest. The company did not elect to irrevocably designate any of the equity investment at fair value with changes presented in other comprehensive income. The change in classification did not have an impact on the opening statement of financial position as at April 1, 2018.



- The impairment of financial assets (trade and other receivables) did not have a material impact on the opening statement of financial position as at April 1, 2018.

On the date of initial application, April 1, 2018, the financial instruments of the company were reclassified as follows:

	Measurement Category		Carrying Amount		
	Original (IAS 39) Category	New IFRS 9 Category	Closing Balance March 31, 2018 (IAS 39)	Adoption of (IFRS 9)	Opening Balance March 31, 2019 (IFRS 9)
Current financial assets:					
Trade and other receivables	Amortised cost	Amortised cost	356,229,356	(689,283)	355,540,073
Cash and short-term deposits	Amortised cost	Amortised cost	29,405,495	-	29,405,495
Total financial assets balances			385,634,851	(689,283)	384,945,568

Reconciliation of statement of financial position balances from IAS 39 to IFRS 9 at April 1, 2018

	IAS 39 carrying amount March 31, 2018	Reclassification	Remeasurement	IFRS 9 carrying amount April 1, 2018	Retained earnings effect
	\$	\$	\$	\$	\$
Amortised cost	385,634,851	-	(689,283)	384,954,568	(689,283)
Total financial assets balances, reclassification and remeasurement	385,634,851	-	(689,283)	384,945,568	(689,283)

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 replaces IAS 18 'Revenue', IAS 11 – 'Construction Contracts', and several revenue related interpretations. IFRIC 15 defines a comprehensive framework for determining when and to what extent revenue can be recognised. In accordance with IFRS 15, an entity shall recognise revenue as a monetary amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services in question.

According to the standard, revenue must be allocated to performance obligations based on relative transaction prices. A performance obligation is defined as a promise to transfer goods and/or services to customers. The revenue recognition takes place over time or at a point in time, with the transfer of control as the key criterion. The company's revenue stream, consists of the sale of office pharmaceutical, medical, and other supplies. In the sale of these goods, control of the goods is transferred when the physical possession of the product has been transferred to the customer, which typically occurs at delivery. Application of the standard did not have an impact on the revenue or results of the company.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration'

IFRIC 22 (effective for annual periods beginning on or after January 1, 2018). The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income on the derecognition of non-monetary asset or non-monetary liability relating to advance consideration, the date of transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. The entity must determine the transaction date for each payment or receipt of advance consideration, if there

NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2019

are multiple payments or receipts in advance. The adoption of this interpretation had no impact on the company's financial statements.

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.

New standards, amendments and interpretations not early adopted or listed below have not been disclosed as they are not expected to have a material impact on the company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2019

IFRS 16 'Leases'

IFRS 16 Leases', (effective for annual periods beginning on or after January 1, 2019). In January 2018, 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 for lessees applicable to certain short-term leases and leases of low-value assets. The company is assessing the impact of future adoption of the measurements on its financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatment'

IFRIC 23 (effective for annual periods beginning on or after January 1, 2019). The IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income Taxes' are applied where there is uncertainty over income tax treatments. The IFRIC (IFRIC 23) explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. The company is currently assessing the impact that the interpretation will have on its 2019 financial statements.

Amendments to IFRS 9, Financial Instruments', on prepayment features with negative compensation

Amendments to IFRS 9 (effective for annual period beginning on or after January 1, 2019). This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.

The adoption of this amendments is not expected to have an impact on the company.

Annual improvement 2015-2017

Annual improvement 2015-2017 (effective for annual period beginning on or after January 1, 2019). These amendments include minor changes to:

- IFRS 3, 'Business combinations', - a company remeasures its previously held interest in a joint operation when it obtains control of the business.
- IFRS 11 'Joint arrangements', - a company does not remeasure its previously held interest in a Joint operation when it obtains Joint control of the business.
- IAS 12, 'Income taxes' a company accounts for all income tax consequences of dividend payments in the same way.



- IAS 23 'Borrowing costs' - a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The adoption of these amendments are not expected to have a significant impact on the Company.

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

- Property, plant and equipment are carried at cost or fair value less accumulated depreciation and impairment losses.
- 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 valuers 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.

- 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%

- 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2019

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

Recognition and derecognition

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2019



NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2019

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.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the company does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

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

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. 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.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit or loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Financial assets at fair value through other comprehensive income (FVOCI)

The company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell and

- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset. None of the company's financial assets fall into this category.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the company first identifying a credit loss event. Instead the company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

The company applies the simplified approach for trade receivables which is permitted by IFRS 9. The simplified approach requires that the impairment provision is measured at initial recognition and throughout the life of the receivables using a lifetime ECL.

The company established a provision matrix based on historical credit losses adjusted to reflect forward looking macro economic factors affecting the customers ability to settle the amount outstanding.

Previous financial asset impairment under IAS 39

In the prior year, the impairment of trade receivables was based on the incurred loss model. Individually significant receivables were considered for impairment when they were past due or when other objective evidence was received that a specific counterparty will default.

Receivables that were not considered to be individually impaired were reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate was then based on recent historical counterparty default rates for each identified group.

Trade and other receivables

The company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument.

In calculating, the company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to Note 27b for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2019



NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2019

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the company's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

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

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2019



NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2019

o Comparative information

Certain prior year figures have been restated to conform to current year's presentation (See note 23).

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.

- (iv) In determining amounts recorded from impairment of trade receivables, the company applies a simplified approach in calculating expected credit losses. The company recognises a loss allowance based on 12 months expected credit losses at each reporting period date and has established a provision matrix based on its historical credit loss experience and adjusted for forward looking microeconomic factors affecting the customers ability to settle the amount outstanding.

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. Results by segments are disclosed in (Note 24).

The company has three operating segments: pharmaceutical, medical and consumer.

NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2019



NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2019

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, 2019 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, 2018	425,053,677	27,065,614	2,826,409	74,431,340	9,429,132	32,971,320	571,777,492
Additions	6,940,570	37,437,609	-	18,743,810	941,149	8,150,000	72,213,138
Disposal	-	-	-	-	-	(3,180,000)	(3,180,000)
Transfer	54,791,582	(54,791,582)	-	-	-	-	-
Balance at March 31, 2019	486,785,829	9,711,641	2,826,409	93,175,150	10,370,281	37,941,320	640,810,630
Depreciation							
Balance at April 1, 2018	(9,011,281)	-	(888,153)	(24,219,596)	(5,657,070)	(21,757,072)	(61,533,172)
Eliminated on disposal	-	-	-	-	-	2,968,000	2,968,000
Charge for the year	(9,127,330)	-	(141,320)	(8,984,411)	(1,299,626)	(4,969,021)	(24,521,708)
Balance at March 31, 2019	(18,138,611)	-	(1,029,473)	(33,204,007)	(6,956,696)	(23,758,093)	(83,086,880)
Carrying amount at March 31, 2019	468,647,218	9,711,641	1,796,936	59,971,143	3,413,585	14,183,227	557,723,750

- i Land and buildings were revalued by independent valuers, 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 \$303,127,383 (2018 - \$276,127,579).
- iii Land and buildings have been pledged as security for loans received from a financial institution (Note 12 (a)).

NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2019

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, 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)
Eliminated on disposal	-	-	-	-	-	2,864,097	2,864,097
Charge for the year	(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

**NOTES TO THE
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Year ended March 31, 2019

6. Intangible assets

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

	Acquired Software \$	Total \$
Gross carrying amount		
Balance at April 1, 2018	8,149,856	8,149,857
Balance at March 31, 2019	8,149,856	8,149,857
Amortisation		
Balance at April 1, 2018	(5,499,132)	(5,499,133)
Charge for the year	(858,412)	(858,411)
Balance at March 31, 2019	(6,357,544)	(6,357,544)
Carrying amount at March 31, 2019	1,792,313	1,792,313

	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 the 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

7. Inventories

	2019 \$	2018 \$
Pharmaceuticals	397,591,894	380,764,659
Medical and other supplies	121,381,772	61,599,762
Goods in transit	128,981,666	101,417,699
Total	647,955,332	543,782,120

The cost of inventories recognised as an expense during the year was \$1,673,385,401 (2018 - \$1,583,920,694). This includes \$5,475,456 (2018 - \$11,825,537) in respect of expired items and write-downs to net realisable value.

8. Trade and other receivables

	2019 \$	2018 \$
Trade	340,011,678	328,442,538
Less: Allowance for expected credit loss	(12,206,445)	(21,202,663)
	327,805,233	307,239,875
Other	62,401,353	48,989,481
Total	390,206,586	356,229,356

The average credit period on sale of goods is 30 – 60 days. The company provides for approximately 70% of trade receivables over 365 days based on management's experience, as the company consistently collects on average 30% of debts over 365 days.

9. Cash and cash equivalents

	Interest Rate % p.a.	2019 \$	2018 \$
Cash and short-term deposits:			
Bank and cash:			
Petty Cash		101,000	65,000
- J\$ Current account		19,221,262	22,340,103
- US\$ Savings account (US\$150,274)- (2018 – US\$54,489)	0.01 – 0.05	18,787,247	6,828,605
Sterling savings account (£321) - (2018 - £321))	0.05	52,817	56,728
Cash at bank and in hand		38,162,326	29,290,436
Short-term deposits	2.0 - 2.85	117,596	115,059
Total cash and short-term deposits		38,279,922	29,405,495
Less: Bank overdraft (Note 14)		(204,610)	(138,201)
Total cash and cash equivalents		38,075,312	29,267,294

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Included in cash and cash equivalents is \$5,031,899 (2018 - \$7,955,290) which represents amounts held for a major supplier.

10. Share capital

	2019 \$	2018 \$
Authorised:		
408,000,000 ordinary shares (2018 - 408,000,000)		
Stated capital		
Issued and fully paid:		
263,157,895 ordinary shares	107,835,764	107,835,764
Balance at end of the year	107,835,764	107,835,764

11. Revaluation reserve

This represents revaluation surplus arising on the revaluation of property, plant and equipment.

12. Borrowings

	2019 \$	2018 \$
Non-revolving loans –		
(a) Bank of Nova Scotia (BNS)	168,898,048	201,510,272
	168,898,048	201,510,272
Less: Current portion	42,314,357	31,975,089
	126,583,691	169,535,183
Short-term borrowings – revolving loan		
(a) Bank of Nova Scotia (BNS)	125,000,000	125,000,000
(b) Sagicor Bank Jamaica Limited	120,346,138	-
	245,346,138	125,000,000
(c) Other Loans	10,000,000	10,000,000



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(a) Bank of Nova Scotia (BNS)

Non-revolving loans

- 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. However, this was repaid in November 2018.

- 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. Effective February 2019 interest rate was adjusted to seven percent (7%) per annum up 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.
- Loans of \$25,000,000 and \$36,870,000 were received July 2016. 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.

Effective February 2019 interest rate on the loan of \$36, 870,000 was adjusted to seven percent (7%) per annum up to maturity.

Short-terms borrowings – revolving loan

- The revolving loan facility with Bank of Nova Scotia (BNS), is unsecured and bears interest at rates of nine point five percent (9.5%) per annum and mature within 180 days from the loan drawdown date.

The Bank of Nova Scotia (BNS) loans and overdraft are secured by:

Demand debenture stamped for an aggregate of \$470,050,000 creating first charge over fixed and floating assets of the company's supported by:

- First and second Legal Mortgage stamped for an aggregate of \$97,000,000 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 \$80,000,000.



- First Legal Mortgage stamped for \$349,050,000 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 \$332,000,000 at May 24, 2017.

Assignment of All Risk Peril Insurance policy over asset of the company.

(b) Sagicor Bank Jamaica Limited
Short-term borrowings –revolving loans

The company entered into an unsecured revolving loan facility with Sagicor Bank Jamaica Limited not April 2018. Interest rate will be charge for the time being and from time to time minus a spread of 5.9% per annum (the principal rate) equivalent to current effective rate of ten point five percent (10.5%) per annum,

(c) Other loans

This represents a loan from a third party of \$10,000,000 which is unsecured and bears interest at rates of eight point five percent (8.5%) per annum. The loan has no fixed repayment term.

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13. Deferred tax liability

Deferred tax is calculated on all temporary differences under the liability method using a tax rate of 25%. The movement on the deferred tax amount is as follows: Finance income comprises:

	2019	2018
	\$	\$
Deferred tax expense (Note 19)	6,836,034	-
Balance at end of year	6,836,034	-

Deferred tax balance arose on temporary differences in respect of the following:

	2019	2018
	\$	\$
Deferred tax liability on:		
Property, plant and equipment	6,836,034	-
Deferred tax liability	6,836,034	-

14. Bank overdraft

The company has an overdraft facility of \$175,000,000 which bears interest at the Bank's Base Lending Rate currently fifteen point seven five percent (15.75%) per annum less six point percent (6%), being nine point seven five percent (9.75%) per annum. The securities held are disclosed at Note 12.

15. Trade and other payables

	2019	2018
	\$	\$
Trade	387,190,883	381,109,271
Accruals	18,822,006	17,785,170
Other	48,688,366	39,434,057
Total	454,701,255	438,328,498



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

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Year ended March 31, 2019

16. Other income

	2019	2018
	\$	\$
Warehousing service fee	5,458,992	4,384,040
Total	5,458,992	4,384,040

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\$3,600 (2018 – US\$2800) per month.

17. Expenses by nature

Total administrative and other operating expenses:

	2019	2018
	\$	\$
Cost of inventories recognised as expense	1,673,385,401	1,583,920,694
Administrative and other expenses		
Directors' remuneration	25,904,352	21,302,370
Directors' fees	2,593,750	2,096,250
Salaries, wages and related expenses (Note 22)	64,000,059	55,806,971
Medical and other staff benefits (Note 22)	9,691,645	7,790,477
Insurance	12,354,640	9,375,326
Legal and professional fees	11,807,321	15,129,085
Motor vehicle expenses	8,363,616	9,679,150
Auditors' remuneration	1,931,781	2,862,282
Utilities	15,512,702	12,850,088
Printing and stationery	6,660,978	5,148,355
Donations	3,160,527	3,134,234
Security	7,488,819	6,354,778
Bank charges	8,295,206	8,218,107
Other administrative expenses	17,052,190	11,338,957
	194,817,586	171,086,430
Selling and promotional costs		
Salaries, wages and related expenses (Note 22)	54,646,140	45,180,492
Travel and accommodation	2,690,785	2,342,011
Postage and courier service	25,892,186	23,349,430
Advertising and promotion	14,857,064	13,664,655
Commission	47,009,353	43,311,718
	145,095,528	127,848,306

18. Finance income and finance cost

Finance income comprises:

	2019	2018
	\$	\$
Interest income on financial assets measured at amortised cost	20,993	23,204
Total	20,993	23,204

Finance cost comprises:

	2019	2018
	\$	\$
Interest expense for borrowings measured at amortised cost	41,547,833	35,309,807
Total	41,547,833	35,309,807

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 company is in its sixth year since being listed on the Jamaican Stock Exchange Junior Market and is now subject to fifty percent (50%) tax remission as of December 24, 2018.

Prior to April 1, 2019 the company was liable for \$60,000 Minimum Business Tax payable in two equal instalments (June and September). However, as of April 1, 2019 the government has abolished the Minimum Business Tax.

- i Income tax adjusted for tax purposes and computed at the tax rate of 12.5% comprise:

	2019	2018
	\$	\$
Current tax expense	3,747,814	-
Deferred tax expense (Note 13)	6,836,034	-
Total	10,583,848	60,000

- ii Reconciliation of theoretical tax charge to effective tax charge:

	2019	2018
	\$	\$
Profit before tax	123,346,108	109,649,547
Tax at the applicable rate of 25%	30,836,527	27,412,387
Tax effect of expenses not deductible for tax purposes	214,791	669,783
Tax effect of income not subject to tax	(188,187)	(121,145)
Tax effect of allowable capital allowances and other charges	5,955,417	7,680,789
Remission of tax	(26,234,700)	(35,641,814)
Minimum Business Tax	-	60,000
Income tax for the year	10,583,848	60,000

20. Earnings per share

Basic earnings per share is calculated by dividing profit for the year by the weighted average number of ordinary share outstanding during the year.

	2019	2018
Net profit attributable to owners	112,762,260	109,589,547
Weighted average number share outstanding	263,157,895	263,157,895
Basic earnings per share	0.43	0.42

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Year ended March 31, 2019

21. Dividends

The Company declared a final dividend of \$0.104 per share for the year ended March 31, 2018 to shareholders on record at August 17, 2018 representing a total pay out of \$27,368,421.

22. Employee benefits

	2019	2018
	\$	\$
Salaries, wages and related expenses		
- Administrative and other expenses	64,000,059	55,806,971
- Selling and promotional costs	54,646,140	45,180,492
Medical and other staff benefits	9,691,645	7,790,477
Total	128,337,844	108,777,940

The average number of employees at year-end was sixty-six (66), (2018 – fifty-six (56)).

23. Prior year adjustment

Reconciliation of the statement of financial position as at March 31, 2018

Note	As previously stated \$	Effect of Restatements \$	(Restated) 2018 \$
Assets			
Non-current assets			
Property, plant and equipment	510,244,320	-	510,244,320
Intangible assets	2,650,724	-	2,650,724
	512,895,044	-	512,895,044
Current assets			
Inventories	543,782,120	-	543,782,120
Trade and other receivables	382,565,648	(26,336,292)	356,229,356
Prepayments	3,454,256	-	3,454,256
Taxation recoverable	2,334,720	-	2,334,720
Cash and short-term deposits	29,405,495	-	29,405,495
	961,542,239	(26,336,292)	935,205,947
Total assets	1,474,437,283	(26,336,292)	1,448,100,991
Equity and liabilities			
Equity			
Share capital	107,835,764	-	107,835,764
Revaluation reserve	48,198,190	-	48,198,190
Retained profits	517,095,066	-	517,095,066
Total equity	673,129,020	-	673,129,020
Liabilities			
Non-current liabilities			
Borrowings	169,535,183	-	169,535,183
	169,535,183	-	169,535,183
Current liabilities			
Bank overdraft	138,201	-	138,201
Current portion of borrowings	42,314,357	-	31,975,089
Short term borrowings	245,346,138	-	125,000,000
Other loans	10,000,000	-	10,000,000
Trade and other payables	464,659,790	(26,336,292)	438,323,498
	631,773,080	(26,336,292)	605,436,788
Total liabilities	801,308,263	(26,336,292)	774,971,971
Total equity and liabilities	1,474,437,283	(26,336,292)	1,448,100,991

Prior year adjustment represents suppliers credits that were available to be off-set against suppliers' balances, previously included in receivables.

24. Segment reporting

Segment information for the reporting period are as follows:

	Pharmaceutical \$	Medical \$	Consumer \$	Total \$
Revenue	1,545,181,454	405,452,377	271,261,454	2,221,895,285
Less: Cost of sales	1,140,529,640	298,986,734	233,869,027	1,673,385,401
Gross profit	404,651,814	106,465,643	37,392,427	548,509,884

25. Operating lease

The company leases certain of its office space under an operating lease agreement. The future minimum lease payments at the end of the reporting period are as follows:

	Within One Year \$	Two to Five Years \$	Total \$
2019	533,820	-	533,280
2018	1,599,840	533,280	2,133,120

Lease expense during the year amounted to \$533,280 (2018 - \$1,555,400).

26. Related party balances and transactions

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

	2019 \$	2018 \$
Included in trade and other receivables	499,187	893,469
Included in trade and other payables	-	(113,588)

- ii Transactions with key management personnel

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

	2019 \$	2018 \$
Short-term employee benefits – Salaries including bonuses	23,310,602	21,302,370
Total	23,310,602	21,302,370

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

	2019 \$	2018 \$
Sales	10,537,944	10,392,042
Purchases	75,812,676	-
Directors' fees	2,593,750	2,096,250
Professional fees	158,578	259,427

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Year ended March 31, 2019



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Year ended March 31, 2019

27. 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

	2019 US\$	2018 US\$
Financial assets		
- Cash and cash equivalents	150,274	54,489
	<u>150,274</u>	<u>54,489</u>
Financial liabilities		
- Trade payables	(1,459,661)	(1,291,336)
	<u>(1,459,661)</u>	<u>(1,291,336)</u>
Total net liability	<u>(1,309,387)</u>	<u>(1,236,847)</u>

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\$125.02 to US\$1 (2018 – J\$125.32 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% (2018 – 4%) 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 \$
2019	4	(3,737,604)
2018	4	(6,200,067)

If the JA Dollar strengthens against the US Dollar by 2% (2018 – 2%) this would have the following impact:

	Rate %	Strengthens \$
2019	2	1,868,802
2018	2	3,100,033

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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, 2019.

The following table shows the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the company's profit before tax:

	Rate %	Effect on profit before tax \$
2019	1	448,559
2018	-1	(448,559)

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.



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Year ended March 31, 2019

b Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the company. The company is expect to credit risk from financial assets including cash and cash equivalents held at banks, trade and other receivables.

Credit risk management

The credit risk in respect of cash balances held with banks and deposits with banks are managed via diversification of bank deposits, and are only with reputable financial institution.

The company continuously monitors the credit quality of as customers. The company's policy is to deal with only credit worthy counterparties. The credit terms range between 15 and 30 days. The credit terms for customers are subject to an internal approval process which considers the credit rating scorecard. The on going credit risk is managed through regular review of aging analysis together with credit limit per customer.

Trade receivables consists of a large number of customers. The company does not require collateral or other credit enhancements in respect of its trade and other receivables.

The maximum credit risk faced by the company is limited to the carrying amount of financial assets recognised at the end of the reporting period, as summarised below:

	2019	2018
	\$	\$
Trade and other receivables	390,206,586	356,229,356
Cash and cash equivalent	38,279,922	29,405,495
Total	428,486,508	385,634,851

Trade receivables

The company applies IFRS 9 simplified model of recognising lifetime estimated credit losses, for all trade receivables as these items do not have significant financing component. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

The expected loss rates are based on the payment profile for sales over the last 24 months as well as the corresponding historical losses during the period. The historical rates are adjusted to reflect forward looking macro economic factors affecting the customers ability to settle the amount outstanding. The company has identified gross domestic product (GDP) and inflation rates to be the most relevant factors and accordingly adjusts historical loss rates for expected changes in these factors.

Trade receivables are written off when there is no reasonable expectation of recovery, failure to make payments within 365 days from the invoice date and failure to engage with the company on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

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On the above basis, the expected credit loss for the trade receivables as at March 31, 2019 and 2018 were determined as follows:

March 31, 2019

	Trade receivables days past due						Total
	Current	More than 30 days	More than 60 days	More than 90 days	More than 180	Over 365 days	
Expected credit loss rate	0.85%	1.10%	1.10%	0.96%	1.24%	74.00%	
Gross carrying amount	217,201,810	85,113,355	13,679,859	6,239,788	6,683,968	12,338,046	341,256,827
Lifetime expected credit loss	1,843,502	939,407	150,817	59,914	82,651	9,130,154	12,206,445

March 31, 2018

	Trade receivables days past due						Total
	Current	More than 30 days	More than 60 days	More than 90 days	More than 180 days	Over 365 days	
Expected credit loss rate	1.80%	2.23%	2.30%	1.90%	2.32%	69.00%	
Gross carrying amount	181,009,172	85,118,281	17,560,396	19,524,378	4,243,552	20,986,757	328,442,538
Lifetime expected credit loss	3,258,568	1,900,110	403,883	371,306	98,651	14,480,863	20,513,380



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Year ended March 31, 2019

The closing balance of the trade and other receivables as at March 31, 2019 reconciles with the trade receivables loss allowance opening balance as follows:

	2019 \$	2018 \$
Loss allowance as at January 1, calculated under IAS 39	21,202,663	24,136,532
Amount restated through opening retained earnings	(689,283)	-
Opening loss allowance at January 1, 2019	<u>20,513,380</u>	24,136,532
Receivables written-off during the year	(1,252,564)	(5,101,065)
Receivables recovered the during the year	(9,402,701)	(7,378,279)
Loss allowance recognised during the year	<u>2,348,330</u>	9,545,475
	<u>12,206,445</u>	<u>21,202,663</u>

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, 2019, the company's non-derivative financial liabilities have contractually maturities (including interest payments where applicable) as summarised below:

	Current Within 12 Months \$	Non-current 2 to 5 Years \$
Borrowings	54,574,740	153,585,737
Bank overdraft	204,610	-
Short-term borrowings	245,346,138	-
Other loans	10,000,000	-
Trade and other payables	454,701,255	-
Total	<u>764,826,743</u>	<u>153,585,737</u>

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 Within 12 Months \$	Non-current 2 to 5 Years \$
Borrowings	49,737,330	169,953,183
Bank overdraft	138,201	-
Short-term borrowings	130,547,945	-
Other loans	10,000,000	-
Trade and other payables	438,323,498	-
Total	<u>628,746,974</u>	<u>169,953,183</u>

28. 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 29.
- 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, 2019.

March 31, 2019	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Property, plant and equipment				
Land and buildings	-	-	468,647,218	468,647,218
Total	-	-	468,647,218	468,647,218

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

Land and buildings (Level 3).

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

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 83 and 85 Hagley Park Road, Kingston 10, were revalued on May 24, 2017 and April 21, 2017 respectively.

NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2019

29. 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:

	2019 \$	2018 \$
Financial assets		
Financial assets measured at amortised cost		
Trade and other receivables	390,206,586	356,229,356
Cash and short-term deposits	38,279,922	29,405,495
Total	428,486,508	385,634,851
Financial liabilities		
Financial liabilities measured at amortised cost		
Non-current liabilities		
Borrowings	126,583,691	169,535,183
Current liabilities		
Bank overdraft	204,610	138,201
Current portion of borrowings	42,314,357	31,975,089
Short term borrowings	245,346,138	125,000,000
Other loans	10,000,000	10,000,000
Trade and other payables	454,701,255	438,323,498
Total	879,150,051	774,971,971



**NOTES TO THE
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Year ended March 31, 2019

30. Capital commitments

The company entered into an agreement for renovation of offices at 83 Hagley Park Road. The end of the year, the total commitment resulting from this arrangement amounted \$680,000.

31. 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 policies during the year.



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 01st day of October 2019** 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
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		
Ordinary Resolution 6		
Ordinary Resolution 7		
Ordinary Resolution 8		

Signed this _____ day of _____ 2019

Print Name: _____ Signature: _____

NOTES:

- 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.
- 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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