
MDS
MEDICAL DISPOSABLES
& SUPPLIES LIMITED
Taking Care...
2021 ANNUAL REPORT
RESILIENCE

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

# VISION

# MISSION

## BEAT THE BEST!

# VALUES

Delighted Customers
Fulfilled Employees
Premium Service
Quality Assurance
Social Responsibility

MEDICAL DISPOSABLES
& SUPPLIES LIMITED

Taking Care...

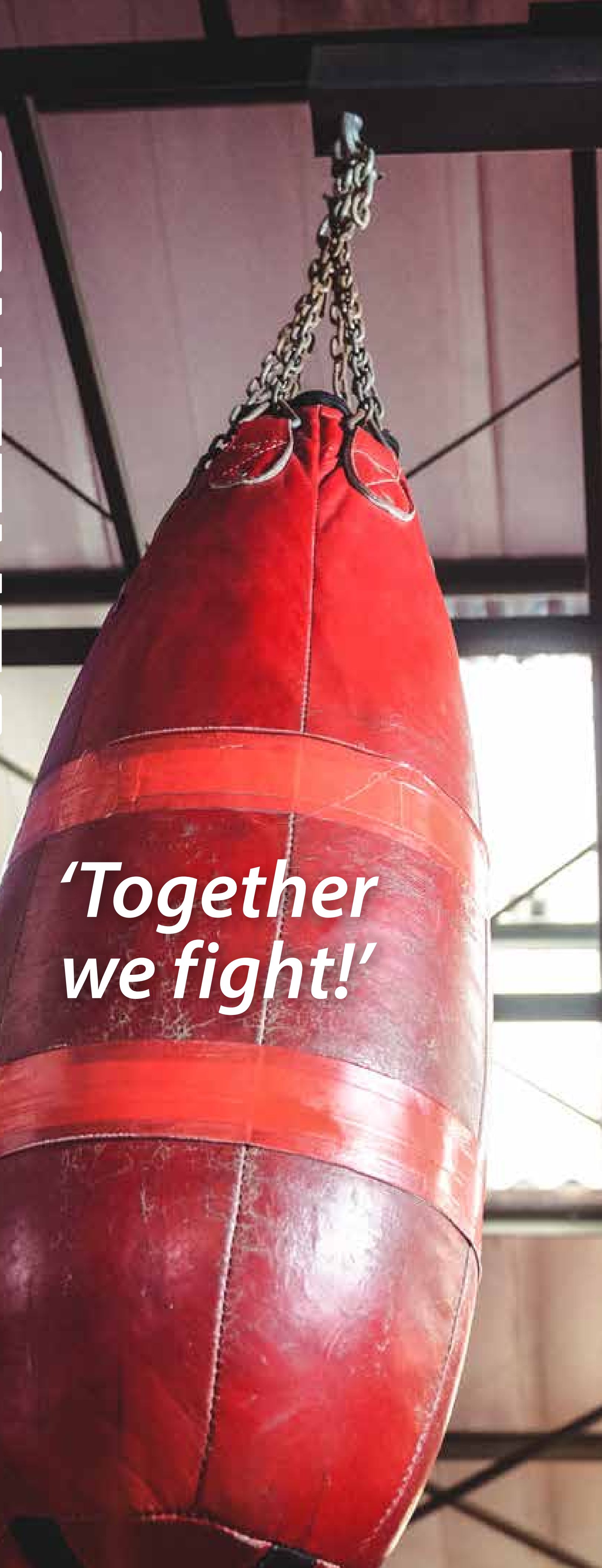
MDS is an island-wide distributor of healthcare and consumer products with a catalogue spanning pharmaceuticals, vaccines, injectables, hospital supplies, medical disposable items, consumer products and beauty items.

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.

# CONTENTS





COMPANY HIGHLIGHTS

# Going the Distance...

This year, as we stepped inside the ring, matched with the unexpected heavyweight of Covid-19, we fought for survival, we fought to retain all our staff members, we fought against limited operational hours to ensure continual supply of essential goods to the health sector in our quest to preserve lives.

While Personal Protective Equipment (PPE's) were the requisite suit of armour for healthcare workers and the wider public, the tension in the corporate arena also found us adding gear of a different kind - a pair of proverbial boxing gloves - for the imminent battle. In the unfolding crisis of the pandemic, many businesses were hard-hit and shaken to the core by the unexpected. The extended lockdowns, the shipment delays, the sharp increases in worldwide prices of imports, the foreign exchange volatility, and product shortages were but a few of the challenges presented which required us to bob and weave through what has felt like a full gruelling 12-round showdown with no luxury of stoppage time. Business survival has required us to go the distance.

The invisible threat left (and continues to leave) immense devastation in its wake but it has also brought with it very visible changes. It has contested how we do business and 'virtually' challenged procedures that were previously thought to be impractical. It helped us to rationalise what to hold on to and what to let go. Through the very fractured lines there have been rays of opportunities and possibilities.

As we continue to navigate the world's greatest disruptor, the coronavirus, and its effects on our daily lives, it is quite apparent that we are living through a very unique period in history that few could have predicted. Our hospitals, the health care system and essential workers reached breaking points due to the immense strain. Millions of jobs have been lost, families have struggled to keep the roof over their heads and the wave of grief that has swept over nations across the globe has been unimaginable. The hard-hitting year has shaken us all to the core, with powerful bouts of devastation that have impacted lives and livelihood, leaving many down for the count from a brutal economic knockout.

Our legacy has always been rooted in the spirit of overcoming. And that training ground has equipped us with some very useful tools in this ring - fighting fit at strategic pace, an agility to quickly shift strategies in response to changes in the operating environment, being quick on our feet (and sometimes seemingly slow to react), being flexible in light of technology and exercising the discipline in being lean. Execution of these have left us poised for long-term recovery and a healthier and stronger emergence.

Living with the pandemic has become the new normal. It has made the world stand at attention and realise that health is our greatest asset and the cornerstone of prosperity. It has also confirmed two things that we instinctively always knew:

***We are essential.***
***And we are ...Resilient!***

SPECIAL MESSAGE

# Change is the Heartbeat of Growth

'Change' would undoubtedly be one of the most frequently cited themes that reverberated throughout the course of last year. All of us, bar none, experienced shifts of one kind or another – both personally and professionally. We, at MDS, had quite a few of our own. Changes on the business front, however difficult at times, are needed for rebirth, to move forward, to change gears and for brand preservation, continuation, and legacy.

An important part of operating a business is creating and implementing a proactive succession plan to pave the way for changes in leadership that will ensure continuity and, in this case, what we hope to be a formidable legacy through MDS.

Birthing and nurturing MDS has been both difficult and rewarding and I could not be more proud of what my team and I have built together. But, there is more building to do and, if we lean to wisdom, we have to acknowledge when the time is right to gracefully bow (or curtsy) to strategic change.

As MDS embarks on its 21st year, it is only fitting to enter into official adulthood with necessary and welcomed transformational shifts in order to future proof the Company and leave the team well-positioned to 'Beat the Best'.

As at November 1, 2020, I vacated the role of Managing Director and passed the torch to Kurt Boothe. I am not only proud because he is my son, but because I believe him to be one of the best business minds that I have had the privilege of knowing.

I will be continuing as a member of the Board in the role of Executive Director, strategically serving as a resource to the current Management Team and providing tactical oversight to further develop the Company's Medical Division.

Holding the reins is Kurt Boothe, who has transitioned from the role of General Manager to that of Chief Executive Officer (CEO). I have unshakeable confidence that I could not have found more suited hands in whose care to entrust this brand.

It is my belief that we have one of the best teams and brands in the island to whom I am thankful for all their hard work, dedicated service and help in doing so in fine 'Business Unusual' style. Yes, change is inevitable, but there is one thing about this brand that must always remain steadfast and true: to always maintain the principle on which we have operated, and which has served the MDS spirit well – 'Taking Care' in everything we do.

Sincerely,

**Myrtis Boothe**
*Executive Director*

## CHAIRMAN'S STATEMENT

The Financial Year ended March 31, 2021, was a year of extraordinary challenges as the full impact of the Global COVID 19 Pandemic on the Jamaican Economy became evident.

The continued volatility in the exchange rate of the Jamaican dollar in relation to its United States counterpart, the reduction in government expenditure and the combined effect on aggregate demand, all contributed to the economic environment which prevailed during the period under review.

Notwithstanding these adverse conditions which mainly affected the first two quarters of the financial year, the Company ended the year with mixed financial results.

**REVENUES** recorded for the period under review was $2.42 billion a marginal reduction of $ 58.3 million or 2.4% when compared to the previous year.

**GROSS PROFIT** increased by $40 million or 7.1% totaling $598.9 million in 2021 compared to $558.9 million in 2020.

# HIGHLIGHTS

## THE YEAR AHEAD…

As we go forward into the new financial year, we will continue to explore opportunities to widen our product range, particularly in the Medical and Consumer Divisions, in keeping with our business strategy.

Additionally, it is of great importance for the Company to focus attention on its cost reduction and cost management efforts. At the same time, it is expected that the recent acquisition of a related business activity will not only allow for the increase in overall growth in our business operations, but will also strengthen and consolidate our position in the Medical and Health Sector.

We maintain a positive outlook for the year ahead, despite the current challenges which we face but wish once again to recommit ourselves to maintaining a high standard of financial performance, to improving our operational efficiency, as well as to increase shareholder value by providing an appropriate return on investment.

As we complete another year of operation, I use this opportunity on behalf of the Board of Directors to express our appreciation to the members of the MDS team for their commitment and dedication, and to our customers for their loyalty and continued support during the year.

Finally, I wish to thank the members of the Board of Directors for their stewardship and guidance in the transition from a family operated business enterprise to a more formal corporate culture and the adoption of a robust Corporate Governance Structure.

**Winston Boothe**
*Chairman*

**TOTAL EXPENSES** rose by 9.86 % to close the year at $590.8 million compared to $523.4 million in 2020.

This increase reflects expenses relating to:

i. The acquisition of an existing business operation.

ii. One off initial costs to establish new banking arrangements in place of the previous arrangement.

iii. Foreign exchange losses amounting to $11 million resulting from exchange rate fluctuations in the foreign exchange market.

**GAIN ARISING ON BUSINESS ACQUISITION** amounting to $62.08 million.

**NET PROFIT AFTER TAX** was $69.6 million compared to $34.6 million in the previous year.

**EARNINGS PER SHARE** of 0.26 cents compares with 0.13 cents in the previous year.

***"We continue to channel our efforts to emerge from the pandemic stronger than the force of its impact."***

CEO'S STATEMENT

# Setting the path for sustainable growth

This year I began the journey as the CEO of MDS. The initial impact seemed somewhat benign, knowing that the succession plan effected the transition over a decade ago. This set the stage for me to perform my daily tasks to fulfil the requirements of the role. The foresight with which this foundation was laid allowed for the seamless transition.

On a personal note, I have embraced the challenge with the goal of exceeding expectations. My mission is to ensure that there is a common vision. One which includes all stakeholders moving upward and forward. A vision that is growth-oriented over the long term, as opposed to result angled, to meet quarterly deadlines. MDS will continue the drive to "Beat the Best". We will do so with every product line, every pharmacy, hospital, medical customer, supermarket, haberdashery, wholesale, beauty store, stall operator and every individual that patronises our engine of a company.

The dream never sleeps!

As we emerge from what could be considered an unprecedented year of continuous change and alignment, we continue to channel our efforts to emerge from the pandemic stronger than the force of its impact. And, as we look ahead, we continue to align our business strategies with the changing times and remain optimistic that we are headed in the right direction.

As we transition, we recognise and commend the team of Cornwall Medical and Dental Supplies Limited, as they also exhibited measured foresight for succession planning - shifting from our friendly rivals to business partners through an acquisition deal in which we hold a 60% stake in our newly formed subsidiary, Cornwall Enterprises Limited.

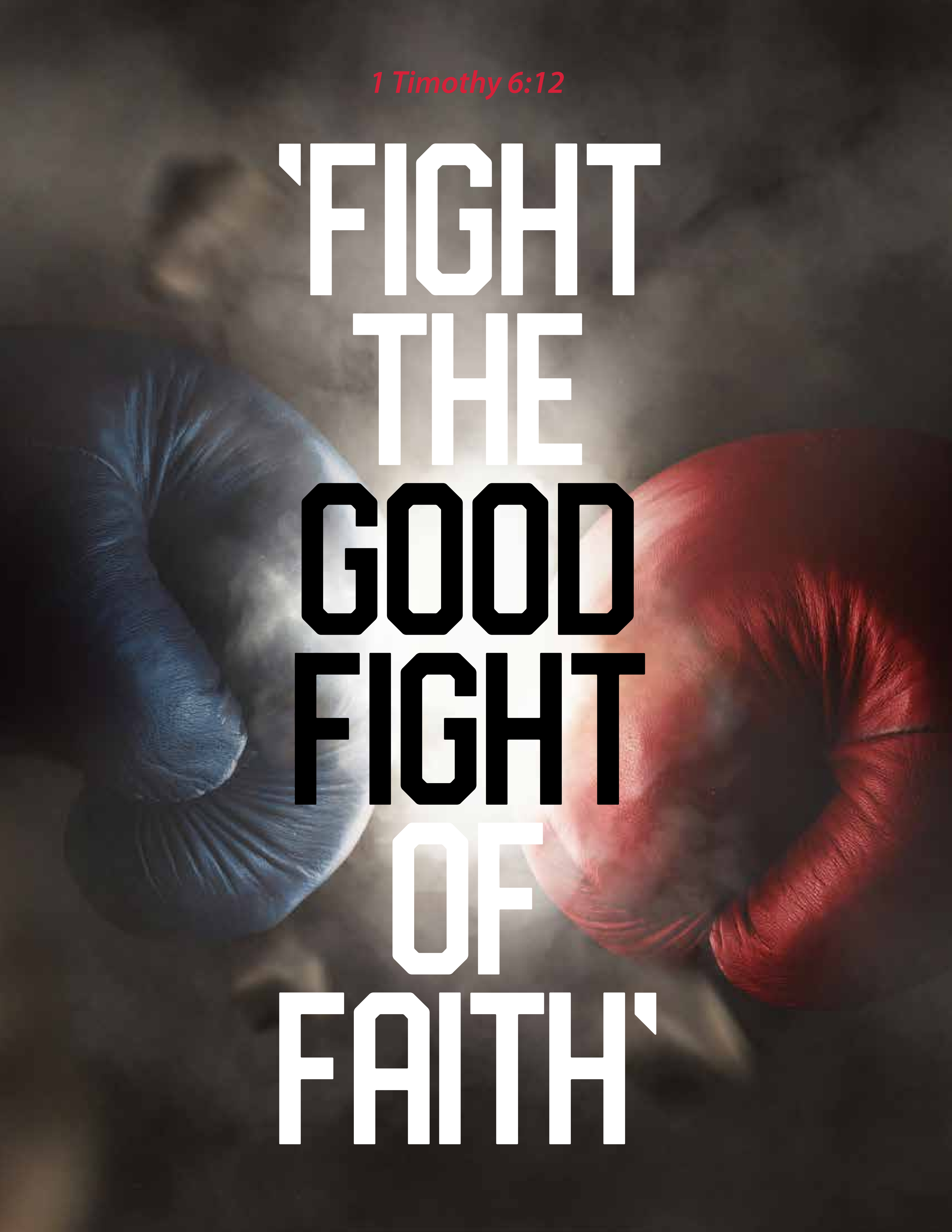
Together, with our existing team, and our new partners, we set the path of sustainable growth in unison with a purpose-driven goal of maintaining the push to modernise the organisation with a customer-centric focus to surpass the status quo. Our business-as-usual focus continues to be 'Business Unusual'.

This year, I extend immense gratitude for being 'we' as our journey continues in visualising, not necessarily being the biggest, but rather, being the best at any level.

In the words of Muhammad Ali, "ME. We."

**The word is love.**

**Kurt Boothe**
*Chief Executive Officer*


1 Timothy 6:12
'FIGHT THE GOOD FIGHT OF FAITH'

# Notice of Annual General Meeting

Notice is hereby given that the Eighth Annual General Meeting of Medical Disposables & Supplies Limited (the "Company") will be held virtually on Tuesday, October 05, 2021 at 10:00 a.m. in accordance with an Order of the Supreme Court of Judicature of Jamaica dated the 31st of May, 2021, 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, 2021, 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, 2021, together with the Reports of the Directors and Auditors thereon be and are hereby adopted".

## 2. RETIREMENT OF DIRECTORS BY ROTATION AND RE-APPOINTMENT

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

**Ordinary Resolution No. 2**

"That Mr. Kurt Boothe be and is hereby re-elected a Director of the Company for the ensuing Year".

**Ordinary Resolution No. 3**

"That Miss Nikeisha Boothe be and is hereby re-elected a Director of the Company for the ensuing Year".

## 3. DIRECTORS' REMUNERATION

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

**Ordinary Resolution No. 4**

"That the amount shown in the Audited Accounts for the year ended March 31, 2021 as fees to the Directors for services as Directors, be and is hereby approved".

## 4. RE-APPOINTMENT AND REMUNERATION OF AUDITORS

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

**Ordinary Resolution No. 5**

"That HLB Mair Russell 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. OTHER ROUTINE BUSINESS

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

**Ordinary Resolution No. 6**

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

Dated this 17th day of July, 2021

**BY ORDER OF THE BOARD**

NBoothe

**Nikeisha 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.*

# INFORMATION FOR SHAREHOLDERS

**The ANNUAL GENERAL MEETING OF MEDICAL DISPOSABLES & SUPPLIES LIMITED (MDS) will be held virtually pursuant to Supreme Court Order dated the 31st of May 2021 in the matter SU 2021 CD 00196.**

## 1. Attendance at the AGM

In light of the Government's established Covid-19 protocols, the AGM will be held virtually, allowing shareholders to participate in a manner similar to face-to-face meetings. Shareholders will not have a physical venue to attend this year's meeting.

## 2. Voting at the AGM

Shareholders of the Company who wish to observe / participate in the proceedings may watch the AGM remotely via live-stream which can be accessed at: ***mds.iteneri.com***

Shareholders can register to join the meeting using their name, email and Jamaica Central Securities Depository (JCSD) member number. If you are unsure of your member number, please contact the JCSD or your stock broker. The live stream site FAQ will also offer guidance for shareholders on how to access the meeting.

## 3. Shareholders Unable to Attend / Participate in the Meeting

As a Shareholder you may appoint a Proxy to participate and vote at the meeting in your stead. A Proxy need not be a member of the Company.

A Proxy Form is enclosed for your convenience. Proxy Forms should be completed and submitted to the Company Secretary at ***nboothe@mdsja.com*** no later than Friday, October 1, 2021 at 3 p.m.

## 4. Questions

Shareholders are encouraged to submit their questions prior to the AGM by sending an email to **AGMQuestions@mdsja.com**.

Questions will be addressed during the AGM as deemed reasonably practicable in the Chairman's discretion.

# THE BOARD OF DIRECTORS

THE BOARD OF DIRECTORS HAS A COMPLEMENTARY RANGE OF EXPERIENCES, EXPERTISE AND KEY COMPETENCIES IN A DIVERSE RANGE OF BUSINESS AREAS TO CONTRIBUTE TO THE GROWTH AND DEVELOPMENT OF THE COMPANY.

## 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 expansive business network. He has served as director of the Petroleum Company of Jamaica, the Port Authority of Jamaica, Jamaica International Free Zone Development Limited, Kingston Freezone Limited, Master Blend Feeds, Montego Bay Freezone Limited, and the Wortley Home for Girls. He has also held the post of Group VP of the Jamaica Broilers Group of Companies.

Mr. Boothe is an honours graduate of the University of the West Indies with a Bachelor's Degree in Economics and Business Administration.

## DR. THE HON. VINCENT LAWRENCE, O.J.

***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.

Dr. Lawrence holds a Bachelor of Science Degree with honours from the University of the West Indies and earned his Doctorate in 1971 from Queen's University, Canada.

# DIRECTORS

## MRS. SANDA 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 JSE listed companies, private companies and not-for-profits. She is the past CEO of the Private Sector Organisation of Jamaica where she served 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.

Mrs. Glasgow is the recipient of two degrees from the University of the West Indies – a Bachelor of Science with majors in Zoology and Applied Science and an M.B.A.

## 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 holds a Doctorate in Public Health from the University of London and owns two thriving pharmacies and a medical clinic.

## MYRTIS BOOTHE

***Executive Director & Founder***

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.

# DIRECTORS

## KURT BOOTHE

***Executive Director***

***Chief Executive Officer***

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 receiving his MBA from the Wayne Huizenga School of Business at Nova Southeastern University in Fort Lauderdale, Florida. 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.

He holds a Bachelor's degree in Business Administration and an MBA with concentration in Entrepreneurship, Wayne Huizenga School of Business at Nova Southeastern University in Fort Lauderdale, Florida.

## NIKEISHA BOOTHE

***Executive Director***

***Business Development and Corporate Affairs Manager & Company Secretary***

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 of advertising, media, production, public relations, event planning, consumer behaviour, budget management and financial marketing. Miss Boothe graduated with honours from the University of Miami where she earned a B.A. in International Marketing and Finance and holds an M.B.A. with concentration in Marketing from the Mona School of Business, University of the West Indies.

# Directors' Report

The Directors of Medical Disposables & Supplies Limited are pleased to present their Report for the 12 months ending March 31, 2021.

### FINANCIAL RESULTS

The Statement of Comprehensive Income shows pre-tax profits of $75.9M and post-tax profits of $69.6M. 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, 2021 are:

- Mr. Winston Boothe (Chairman)
- Dr. Vincent Lawrence (Non-Executive)
- Mrs. Sandra Glasgow (Non-Executive)
- Dr. Dahlia McDaniel Dickson (Non-Executive)
- Mrs. Myrtis Boothe (Executive Director)
- Mr. Kurt Boothe (Chief Executive Officer)
- Miss Nikeisha Boothe (Business Development & Corporate Affairs Manager)

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

### AUDITORS

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

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

Dated this 17th day of July, 2021

BY ORDER OF THE BOARD

NBoothe

**Nikeisha Boothe**

***Company Secretary***

# BUILDING OUR CORE

# Management Team

## MR. GERARD WHYTE

***Quality Assurance & Special Projects Manager***

A glimpse at Mr. Whyte's resume reveals a career in the pharmaceutical industry dating back to 1980 with a long thread of positions held – 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 pivoted in a new direction, as the Quality Assurance & Special Projects Manager - a vital role in this ever-evolving organisation.

## 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 and customer relationships in distribution channels, 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 over a decade in sales have equipped him with a strong understanding of the world of pharmaceuticals, invaluable sales skills and a robust network. He has enjoyed the challenges of varying roles through his longstanding career dating back to 1991 including that of Sales Representative, Medical Representative, Pharma Sales Supervisor and North Caribbean Manager.

## MRS. ANTOINETTE McDONALD

***Divisional Sales Manager (Pharmaceutical Division and Medical Division)***

Mrs. McDonald joined the MDS family as Sales Supervisor in 2016 with her role now expanded to that of Divisional Sales Manager with direct responsibility for the Dr. Reddy's Laboratories line of products as well as the Medical Division. Mrs. McDonald guides the Sales and Medical teams to optimise business outcomes, manages the development of brand building strategies and establishes product growth approaches. Prior to MDS, Mrs. McDonald enjoyed 17 years in the pharmaceutical arena in varying capacities, working for some of the most well-respected companies in the industry including Glaxosmithkline Caribbean Limited. Her broad wealth of experience, depth of knowledge and uncanny way of engaging with people have undoubtedly made a profound footprint.

MANAGEMENT TEAM

## MR. LOUIS MANNING

***Sales & Marketing Manager, Consumer Division***

Mr. Louis Manning joined the MDS team in June 2019 to lead the newest Division at MDS after excelling as divisional regional and commercial manager for leading local distributors as well as international principals. At MDS, Louis leads the build out of this segment in keeping with MDS' strategic growth initiatives. He is a route to market professional with a demonstrated history of working in the Fast Moving Consumer Goods (FMCG) industry. Mr. Manning holds a Bachelor of Science Degree in Business Administration from the University College of the Caribbean.

## MR. RAYMOND ERNANDEZ

***Chief Financial Officer***

Mr. Ernandez shoulders the responsibility of all the Company's financial functions including accounting, audit and corporate finance. His career spans more than 26 years of varied experience across industries. He is an experienced Group Financial Controller with a track record of success in the Finance, Insurance, Shipping and Logistics and Retail sectors. He is a Fellow of the Institute of Chartered Accountants of Jamaica and holds a Master of Science Degree in Accounting from the University of the West Indies.

## MR. BERTINO GORDON

***Operations Manager***

Mr. Bertino Gordon rejoined the Company in March 2020 as Operations Manager after a brief hiatus. Mr. Gordon has oversight responsibilities for inventory, warehousing, delivery fleet and all operational functions related to company facilities. Mr. Gordon is an experienced supply chain manager with a demonstrated history of working in the logistics and supply chain industry. Mr. Gordon has a Master of Business Administration (M.B.A.) from the Mona School of Business and Management, University of the West Indies.

## MRS. NADINE BANTON

***Human Resource and Administrative Manager***

Mrs. Nadine Banton, who previously occupied the role of Administrative & Human Resource Officer, was appointed to the position of Human Resource & Administrative Manager effective October 1, 2020. Mrs. Banton has a wealth of experience partnering with executive teams and general staff to build strategic, people-focused human resources policies. She holds a Bachelor of Science Degree in Business Administration, a Postgraduate Diploma in Human Relations Management. She is currently pursuing the Society of Human Resources Management Senior Certified Professional Certification.

## MS. TARIN MONTAQUE

***Purchasing & Logistics Manager***

Ms. Tarin Montaque who previously performed the role of Purchasing and Logistics Officer was appointed as the Company's Purchasing and Logistics Manager on October 1, 2020. Ms. Montaque holds a Bachelor of Science Degree in Business Administration with a major in Finance from Northern Caribbean University and also earned a Master of Science Degree in Logistics Engineering from the Caribbean Maritime University. Ms. Montaque has served in the areas of distribution, logistics and inventory management for the past 20 years.

# CORPORATE DATA

## DIRECTORS

**CHAIRMAN**
Mr. Winston Boothe

**EXECUTIVES**
Mrs. Myrtis Boothe
Mr. Kurt Boothe

**NON-EXECUTIVES**
Dr. Vincent Lawrence
Mrs. Sandra Glasgow
Dr. Dahlia McDaniel Dickson

**SECRETARY**
Miss Nikeisha Boothe

## SENIOR OFFICERS

Mrs. Myrtis Boothe
*Executive Director*

Mr. Kurt Boothe
*Chief Executive Officer*

Miss Nikeisha Boothe
*Business Development & Corporate Affairs Manager*

Mr. Raymond Ernandez
*Chief Financial Officer*

Mr. Gerard Whyte
*Quality Assurance & Special Projects Manager*

Mr. Lenworth Murray
*Divisional Sales Manager*

Mrs. Antoinette McDonald
*Divisional Sales Manager*

Mr. Louis Manning
*Sales and Marketing Manager*

Mr. Bertino Gordon
*Operations Manager*

Mrs. Nadine Banton
*Human Resource Manager*

Ms. Tarin Montaque
*Purchasing & Logistics Manager*

## ATTORNEYS-AT-LAW

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

## BANKERS

**NATIONAL COMMERCIAL BANK**
90 - 94 Slipe Road, Kingston 5, Jamaica, W.I.

**SAGICOR BANK JAMAICA LIMITED**
17 Dominica Drive, Kingston 5, Jamaica, W.I.

**BANK OF NOVA SCOTIA LIMITED**
Scotia Centre Branch
Corner of Duke & Port Royal Streets
Kingston, Jamaica, W.I.

## AUDITORS

**HLB MAIR RUSSELL**
3 Haughton Avenue,
Kingston 10, Jamaica, W.I.

## REGISTRAR & TRANSFER AGENT

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

## REGISTERED OFFICE

**MEDICAL DISPOSABLES & SUPPLIES LIMITED**
83 Hagley Park Road,
Kingston 10, Jamaica, W.I
**T:** (876) 546-7411
or (876) 906-9994-5
**E:** info@mdsja.com
**www.mdsja.com**

## TOP TEN SHAREHOLDERS *as at March 31, 2021*

| Shareholders | Number of Units | Shareholding % |
|---|---|---|
| Kurt Boothe | 51,154,333 | 19.44% |
| Myrtis Boothe | 50,000,000 | 19.00% |
| Winston Boothe | 50,000,000 | 19.00% |
| Nikeisha Boothe | 50,000,000 | 19.00% |
| Mayberry Jamaican Equities Limited | 8,521,848 | 3.24% |
| Mayberry Managed Clients Accounts | 7,156,206 | 2.72% |
| First Rock Capital Holdings Limited | 5,000,000 | 1.90% |
| Apex Pharmacy | 3,496,926 | 1.33% |
| VM Wealth Equity Fund | 2,968,948 | 1.13% |
| Nigel Coke | 2,083,598 | 0.79% |

## SHAREHOLDING OF DIRECTORS AND SENIOR MANAGERS *as at March 31, 2021*

| Directors | Total | Direct | Connected Parties |
|---|---|---|---|
| Kurt Boothe | 201,154,333 | 51,154,333 | 150,000,000 |
| Myrtis Boothe | 201,154,333 | 50,000,000 | 151,154,333 |
| Winston Boothe | 201,154,333 | 50,000,000 | 151,154,333 |
| Nikeisha Boothe | 201,154,333 | 50,000,000 | 151,154,333 |
| Dahlia McDaniel-Dickson | 1,459,398 | 1,159,398 | 300,000 |
| Vincent Lawrence | 1,284,222 | Nil | 1,284,222 |
| Sandra Glasgow | Nil | Nil | Nil |

| Senior Managers | Total | Direct | Connected Parties |
|---|---|---|---|
| Kurt Boothe | 201,154,333 | 51,154,333 | 150,000,000 |
| Myrtis Boothe | 201,154,333 | 50,000,000 | 151,154,333 |
| Nikeisha Boothe | 201,154,333 | 50,000,000 | 151,154,333 |
| Lenworth Murray | 63,000 | 63,000 | Nil |
| Gerard Whyte | 54,000 | 54,000 | Nil |
| Antoinette McDonald | 30,500 | Nil | 30,500 |


'HE WHO
IS NOT
COURAGEOUS
ENOUGH
TO TAKE
RISKS,
WILL
ACHIEVE
NOTHING
IN LIFE'.

# Corporate Governance

## CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Medical Disposables and Supplies Limited ("The Company") is responsible for the corporate governance of the Company and is committed to complying with the Corporate Governance Guidelines of the Jamaica Stock Exchange (JSE). The Board guides and monitors the business and affairs of the Company on behalf of its shareholders. The Board requires the Company to maintain high standards of ethics and integrity at all times.

Information regarding the Company's corporate governance policies and practices are available on the Company's website at www.mdsja.com. The following documents approved by the Board are available on the investor relations section of the website:

- Corporate Governance Statement;
- Board Charter;
- Audit and Compliance Committee Charter;
- Compensation Committee Charter;
- Disclosure Policy;
- Code of Conduct and
- Securities Trading Policy.

The Company updates its charters, policies and practices to reflect changing corporate governance requirements and practices.

This report outlines the governance of the Company in keeping with our commitment to the long-term health of the business, integrating sustainable practices into our strategies, policies and operations and to make transparent disclosures of our financial as well as our non-financial performance. We hope that through this report, our stakeholders will gain a deeper understanding of our business, its sustainability philosophy and social responsibility practices. We endeavour to maintain harmonious relationships with all our stakeholders and value the contribution of our employees, suppliers and partners to the growth of the Company.

## 1. THE BOARD OF DIRECTORS

### 1.1 The Board's duties

The role of the Board is to oversee and guide the management of the Company with the aim of protecting and enhancing the interests of its shareholders and taking into account the interests of other stakeholders including employees, customers, suppliers and the wider community. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

The Board is responsible for setting the strategic direction and strategies of the Company, establishing goals for management and monitoring the achievement of those goals. The Chief Executive Officer is responsible to the Board for the day-to-day management of the Company. The Board ensures that the Chief Executive Officer is appropriately qualified and experienced to discharge his responsibilities.

The Board has adopted a formal charter ("Board Charter") that clearly establishes the relationship between the Board and management and describes their functions and responsibilities. The Board Charter is posted on the investor relations section of the Company's website.

The Company's Mentor advises the Board and committees on governance matters, ensuring that the rules of the JSE are always observed. The Board also appoints the Company Secretary who is responsible for coordination of all Board business including agendas, Board Papers and Minutes; and helping to facilitate and organise the induction and professional development of Directors.

### 1.2 Code of Conduct

Directors of the Company are subject to the Company's Code of Conduct. The Code of Conduct is considered by the Board to be an effective way to guide the behaviour of all Directors and employees and demonstrates the Company's commitment to ethical and compliant practices.

### 1.3 Board Composition

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

- the Board should include independent non-executive directors;
- the Board should comprise directors with an appropriate range of skills, experience and expertise;
- the Chair should be a non-executive director; and
- the Board should meet regularly and follow meeting guidelines set down to ensure all directors are made aware of and have available all necessary information, to participate in informed discussions of all agenda items.

## Board Service

| **Name of Director** | **Period in office** *as at March 31, 2021* |
|---|---|
| Mr. Winston Boothe, Chairman | 7 years and 3 months |
| Mrs. Myrtis Boothe, Executive Director | 7 years and 3 months |
| Mr. Kurt Boothe, Chief Executive Officer | 7 years and 3 months |
| Ms. Nikeshia Boothe, Executive Director and Company Secretary | 7 years and 3 months |
| Dr. the Hon. Vincent Lawrence, O.J., Independent Non-Executive Director | 7 years and 3 months |
| Dr. Dahlia McDaniel Dickson, Independent Non-Executive Director | 7 years and 3 months |
| Mrs. Sandra A. C. Glasgow, Independent Non-Executive Director and Mentor | 7 years and 3 months |

The Board currently comprises seven Directors: three independent Non-Executive Directors, one Non-Executive Director and three Executive Directors. Details of the Directors are included in this Annual Report.

The Board seeks to ensure an appropriate mix of skills and diversity in the membership of the Board. This includes diversity of skills, experience, gender and backgrounds in the pharmaceutical industry, governance, finance, accounting, management and liaising with government.

The following Board skills matrix details the combined skills and experience of members of the Board, across a range of general and specialist areas. The Board considers that collectively the Directors have the appropriate range of skills and experience necessary to direct the Company's businesses, achieve its medium and long-term strategic objectives and create sustainable, long-term value for shareholders.

### 1.4 Independence of Directors

The Board recognises the important contribution that independent Directors make to good corporate governance. Each Director is required to bring independent judgements to their decisions.

The Board has determined that three of the seven members of the Board are independent. In deciding whether a director is independent, the Board has considered the independence criteria set out in the JSE's Corporate Governance Guidelines and the Board Charter. The Board assesses the independence of existing Directors, at least annually.

The Board considers that Dr. the Hon. Vincent Lawrence, OJ, Dr. Dahlia McDaniel Dickson and Mrs. Sandra Glasgow meet these independence criteria and further, have no material business or contractual relationship with the Company, other than as a Director or Mentor.

The Directors will continue to monitor the composition of the Board to ensure that its structure remains appropriate and consistent with effective management and good governance.

## Board Skills and Experience

| | Winston Boothe | Vincent Lawrence | Kurt Boothe | Myrtis Boothe | Nikeisha Boothe | Dahlia McDaniel Dickson | Sandra Glasgow |
|---|---|---|---|---|---|---|---|
| Managing and Leading | √ | √ | √ | √ | √ | √ | √ |
| Pharmaceutical experience | | | √ | √ | √ | √ | |
| Global Experience | √ | √ | √ | √ | | √ | √ |
| Business/Commercial | √ | √ | √ | √ | √ | √ | √ |
| Strategy | √ | √ | √ | √ | √ | √ | √ |
| Governance | √ | √ | √ | √ | √ | √ | √ |
| Finance/Legal/ Risk Management | √ | √ | √ | √ | | √ | √ |
| Marketing | √ | √ | √ | √ | √ | √ | √ |
| Capital Projects | √ | √ | √ | √ | √ | √ | √ |
| Health, Safety & Environment | | √ | √ | √ | √ | √ | |
| Remuneration | √ | √ | √ | | √ | √ | √ |
| Government Affairs | √ | √ | √ | | √ | √ | |

### 1.5 Board Meetings

The Board meets formally at least four times each year, and from time to time, meetings are convened outside the scheduled dates to consider matters of importance. The Board met five times between April 1, 2020 and March 31, 2021 and all Board members were in attendance.

The agenda for meetings is prepared by the Recording Secretary, in conjunction with the Chair, Chief Executive Officer, Company Secretary and periodic input from the Board. Comprehensive Board papers are distributed to Directors at least five days in advance of scheduled meetings. In light of the global pandemic brought about by COVID-19, the Board and its committees met virtually on electronic platforms.

Throughout the year, the Board fulfilled the following responsibilities:

- approved the corporate strategy and strategic plans;
- approved the promotion of the General Manager to the position of Chief Executive Officer;
- appointed Mr. Raymond Ernandez to the position of Chief Financial Officer;
- reviewed and approved the annual budget and financial plans including major capital expenditure initiatives;
- monitored the operational and financial performance and the achievement of the Company's

## Board Meeting Attendance

| | 07-Jul-20 | 27-Sep-20 | 27-Oct-20 | 02-Feb-21 | 19-Feb-21 |
|---|---|---|---|---|---|
| Winston Boothe - Chairman | √ | √ | √ | √ | √ |
| Vincent Lawrence | √ | √ | √ | √ | √ |
| Sandra Glasgow | √ | √ | √ | √ | √ |
| Dahlia McDaniel Dickson | √ | √ | √ | √ | √ |
| Myrtis Boothe | √ | √ | √ | √ | √ |
| Kurt Boothe | √ | √ | √ | √ | √ |
| Nikeisha Boothe | √ | √ | √ | √ | √ |

WONDER GRO™
Works Wonders
Easy to use hair care products with "tried & true" ingredients.
HAIR & SCALP CONDITIONER
HAIR & SCALP THERAPY
EDGE CONTROL
STYLING GEL
WONDER GRO
JAMAICAN BLACK CASTOR OIL
PRETTY EDGES
EXTREME HOLD
Distributed by:
MDS
83 Hagley Park Road , Kingston 10. | 876-372-7547 & 876-276-9998
email: info@mdsja.com | www.mdsja.com
| @BeautyBrandsByMDS

strategic goals and objectives;

- reviewed proposals for acquisitions, mergers and divestments;
- monitored the Company's financial performance, including approval of the annual and quarterly releases to shareholders and liaison with the auditor;
- ensured there were effective management processes in place, including reviewing and ratifying systems of risk identification and management, ensuring appropriate and adequate internal control processes, and that monitoring and reporting procedures for these systems are effective;
- reported to shareholders at the Annual General Meeting.

## 2. BOARD COMMITTEES

The Board has established the following committees to advise and support it in carrying out its duties:

- Audit and Compliance Committee, and
- Compensation Committee.

### 2.1 Audit and Compliance Committee

It is the Board's responsibility to ensure that an effective internal control framework exists within the Company, including internal controls to deal with both the effectiveness and efficiency of significant business processes. Effective internal controls include the maintenance of proper accounting records, safeguarding the Company's assets, managing and mitigating business risks and the reliability of financial information.

The Board has established the Audit and Compliance Committee to assist and advise it in fulfilling its responsibilities to oversee the Company's internal control framework, financial reporting obligations, risk management and adherence to legal and regulatory requirements. The Audit and Compliance Committee operates under a Charter approved by the Board.

Throughout the year, the Audit and Compliance Committee discharged the following responsibilities:

- o ensured appropriate accounting policies and procedures were defined, adopted and maintained;
- o ensured that the operating and management reporting procedures, and the system of internal control, are of a sufficiently high standard to provide timely and accurate information as a sound basis for management of the Company's business;
- o reviewed the Financial Statements for accuracy and to ensure they reflect a true and fair position of the Company, prior to their presentation to the Board;
- o approved the annual audit plan submitted by the external auditor;
- o made recommendations to the Board of Directors on the reappointment of the external auditor, and monitored the effectiveness and independence of the external auditor;
- o reviewed and approved the terms of engagement and fees of the external auditor;
- o reviewed and made recommendations to the Board of Directors on the scope and the adequacy of the external audit, and
- o obtained an annual independence declaration from the external auditor;
- o formally evaluated the effectiveness of the Company's external auditor, HLB Mair Russell.

The members of the Committee at the date of this report were:

- Mrs. Sandra Glasgow, Chairperson
- Dr. the Hon. Vincent Lawrence, OJ
- Dr. Dahlia McDaniel Dickson, and
- Mr. Winston Boothe.

The Committee met three times during the financial year ended March 31, 2021. All committee members were present at the meetings.

## Audit & Compliance Committee Meeting Attendance

| | 07-Jul-20 | 27-Oct-20 | 02-Feb-21 |
|---|---|---|---|
| Sandra Glasgow - Chairperson | √ | √ | √ |
| Vincent Lawrence | √ | √ | √ |
| Winston Boothe | √ | √ | √ |
| Dahlia McDaniel Dickson | √ | √ | √ |

## 3. RISK MANAGEMENT AND FINANCIAL REPORTING

### 3.1 Risk Identification and Management

The Board accepts that taking and managing risk is central to building shareholder value. The Board is responsible for the Company's risk management strategy while management is responsible for implementing the strategy and developing a control infrastructure designed to identify and mitigate risks across the Company's operations.

The Company employs executives with the requisite experience and qualifications to enable the Board to manage the risks to the Company. The Board has requested the Audit and Compliance Committee oversee the Company's risk management processes and procedures.

The Company strives to provide a dynamic, rewarding and safe place to work and is committed to acting consistently with the highest ethical standards and in strict compliance with the law in all its operations. To achieve this there are important standards and rules that all Directors, executives and other employees must be aware of and follow, that ensure all actions and decisions support the Company's values, vision and objectives. The Company's Code of Conduct covers a broad range of matters and refers to those practices necessary to maintain confidence in the Company's integrity.

### 3.2 Integrity in Financial Reporting

The preparation and approval of the Company's financial statements for the financial year ended March 31, 2021 involved both the Chief Executive Officer and the Chief Financial Officer providing detailed representations to the Board covering:

- o compliance with the Company's accounting policies and relevant accounting standards;
- o the accuracy of the financial statements and that they provide a true and fair view of the financial health of the Company;
- o the integrity and objectivity of the financial statements; and

- o the effectiveness of the Company's system of internal control.

The Board received a declaration from the Chief Executive Officer and the Chief Financial Officer that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Full Year Financial Statements were audited by the Company's auditor HLB Mair Russell.

### 3.3 Anti-Corruption and Anti-Bribery

The Company's Code of Conduct outlines its zero tolerance policy regarding bribery and corruption. The Code prohibits the offer, promise or giving of any payment or benefit at any time to an individual or entity for the purpose of improperly influencing decisions or actions with respect to our business.

## 4. SECURITIES TRADING BY DIRECTORS AND EMPLOYEES

The Company's Securities Trading Policy outlines the rules relating to trading of the Company's securities. The policy applies to Directors, officers and employees dealing in securities of the Company.

A copy of the Securities Trading Policy can be accessed on the investor relations section of the Company's website. This policy is provided to all Directors and employees and compliance with it is reviewed on an ongoing basis in accordance with the Company's risk management systems.

## 5. SHAREHOLDER COMMUNICATIONS

The Company has established policies and procedures in order to comply with its continuous and periodic disclosure requirements under the Jamaica Companies Act and the JSE's Junior Market Listing Rules. The Board has adopted a formal Disclosure Policy, which is available from the investor relations governance section of the Company's website.

The Policy 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. Adherence to this policy is intended to provide an effective and efficient framework to facilitate the timely dissemination of material information to the investing public in the spirit of full disclosure and in compliance with the disclosure regulations of the Jamaica Stock Exchange on which the Company's shares are listed, and the Financial Services Commission.

The Company recognises the importance of shareholder participation in general meetings and encourages that participation.

## 6. CODE OF CONDUCT AND ETHICS

A company's success and reputation are built upon the principles of fair dealing and ethical conduct of all officers, directors, and employees. The Company is committed to the highest standards of honesty, integrity, and impartiality in both business and personal dealings, including the avoidance of situations that may lead to conflicts of interest. The Company's reputation for integrity and excellence requires careful observance of the spirit and letter of all applicable laws and regulations, as well as a scrupulous regard for the highest standards of conduct and of corporate and personal integrity. The Company's continued success depends upon the trust of our customers, affiliates, employees, shareholders, contractors, and suppliers. We are dedicated to preserving that trust.

The Code of Conduct and Ethics is a guide for our employees and Board of Directors to live our values and they are expected to understand the policies contained in the Code. These policies are intended to guide their actions and working relationships with customers, fellow employees, competitors, government representatives, media, and all others.

It is the responsibility of management and supervisory personnel to ensure adherence to the Code. It is also the responsibility of each individual to promptly report any violations of this Code to the responsible officer, the Chief Executive Officer of the Company. An Ethics E-mail Address, overseen by the Company's Audit and Compliance Committee, has been established and individuals may report violations or other information, which they believe, should be reported under this Code. These include concerns regarding questionable accounting, internal accounting controls or auditing matters.

**Sandra Glasgow**
*Mentor*

# MD&A

# Management Discussion & Analysis

## BUSINESS REVIEW

Our growth strategy has always been anchored in being long-term focused and has been nurtured organically by expanding our areas of concentration. With this, the Company experienced year-over-year increases in profits since inception before falling into unfamiliar territory during the past financial year which found us, for the very first time in our existence, operating in the red. The challenges that carried over from the year prior centred around retooling efforts, internal changes and investment in support systems including rising administrative costs related to talent recruitment and retention, as well as improvement in internal procedures and information technology. These were further compounded by the Covid-19 pandemic which had its first locally reported case in March 2020, perfectly timed for the beginning of our financial year in the ensuing month of April. One would be tempted in such circumstances to scale downwards and reduce the pressure placed on expenditures. However, the Company viewed this a bit differently and, instead, used the period as an opportunity to retool, reinvest and reposition the Company to be poised for post-COVID success.

Although not as severely affected as many other businesses, we were certainly not insulated from the immediate internal shocks of the pandemic which saw unstable foreign exchange rates, the closures of pharmacies and lowered traffic of general (non-covid) hospital cases due to the overburdened medical facilities prioritising emergency cases only. This all came at a time when we had recently invested in expansion efforts and we had to navigate the unusually negative terrain for two-thirds of the year. Though we projected to breakeven by the end of nine months, we realised this target one month ahead of forecast.

Subsequently, we strategized to improve our margins, moving us along the right path. The growth is represented in the year-end numbers which doubled that of last year. The decision to hold strain and invest in the support systems that would be required to bolster the next phase of expansion, though difficult at the time, proved sound and begun to bear fruit. No clearer example demonstrates this point than the execution of an acquisition amidst the pandemic to set the stage for recovery.


## GROWTH & ACQUISITION

As we progressed through the different phases of the business life cycle, inorganic growth strategies were crafted and realised via the acquisition of Cornwall Medical and Dental Supplies Limited (CMDL). This move allows us to be more proactive in expanding our market share in the Medical Division and affords the Company the opportunity to be a major player as a dental distributor.

CMDL is a distribution company based in Montego Bay, St. James that distributes medical supplies and disposables - areas in which we have been friendly rivals over the years. Additionally, they are also key distributors of dental products and operate a retail segment with three pharmacies under the Corn-Med Pharmacy name – two are located in Montego Bay and one in Savanna-la-Mar. The retail and dental segments represent areas that were untouched by MDS prior to now. Both entities (CMDL and MDS) naturally found synergies in joining forces, particularly in the medical division, which we regard as a core strength with distinct advantages. This move expands our market share in Jamaica, adds a Division in a new area of business which we regard as niche and gives us the ability to service a new segment of clients. Additionally, we have also become slightly more vertically integrated through the retail arm and our tentacles have been stretched deeper inthe western region of the island. The Directors of the previous entity still remain involved and we look forward to building our strategic focus.

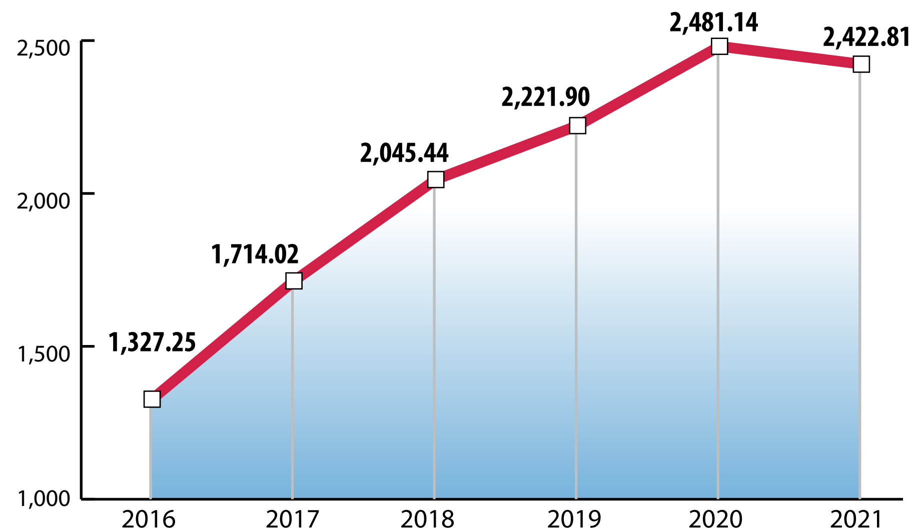
A key area of note is that we are largely in the business of need. As a result, there is a constant demand for our products. While our Consumer Division held its own throughout the year, it was the most challenged in the downtime by the fight for share of wallet. With the Consumer Division being the smallest segment in our portfolio, it did not materially affect the larger picture.

Our organic growth strategies continue to fare well as we fiercely protect the brands we represent, add solid product lines to our existing catalogue and enjoy the support of solid partnerships. We have keenly set our gaze on enhancing our product offerings through niche lines, one being in the area of oncology. With cancer being an extremely sensitive issue, one that touches us all in one form or another, we are grateful to have the opportunity to provide solutions in that arena, yet another area of need.

## REVENUE

For the year ended March 31, 2021, the Company generated total revenue of $2.4B, a decline of 2% or $58.3M when compared to total revenue produced last year. The falloff can be attributed to the decline in economic activity caused by the onset of the global

**Total Sales** *(in millions of dollars)*




pandemic, COVID-19. The measures implemented to decelerate the spread of the disease had a significant impact on business, particularly during the first quarter with sales falling considerably across all three divisions. Business activity started to improve during the third and fourth quarters of the year which resulted in higher revenues primarily in the pharmaceutical and medical divisions.

## GROSS PROFIT

Gross Profit of $598.9M for the twelve-month period reflects a 7% or $40M increase over the previous year. This increase was driven by lower cost of sales which was achieved through greater efficiencies obtained from more organized planning and execution. There was a significant reduction in adjustments made for stock losses. The gross profit margin stood at 24.7%, up from 22.5% the previous year.

## OPERATING EXPENSES

**Total operational expenses** for the one-year period amounted to $509.7M, an increase of $43.8M over the amount spent last year. The increase was accounted for mainly through higher administrative expenses and selling and promotional costs. This increased spend propelled the rise in business activity and segment growth. Operational expenses include:

- **Salaries, commissions, and other related expenses** of $249.8M reflected a 12% increase when compared to prior year. This was mostly attributed to the addition of new staff in areas where critical support as well as increased commercial oversight and execution were required.
- **Professional fees** increased over the prior year by $9.3M. This was due to the need for external consultancies to close out opportunities in the market.
- **Utilities** increased by $8M when compared to the previous year due to higher rates experienced.

## NON-OPERATIONAL EXPENSES

**Total non-operating expenses** amounted to $81.1M, up from $67.6M at the end of 2020. A total of $70.2M of that amount was spent on Finance related expenses. The bulk of the spend was on one-off fees to facilitate the ink-

# Five-Year Financial Highlights

| Profit and Loss Summary | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Sales | 1,714.02 | 2,045.44 | 2,221.90 | 2,481.14 | 2,422.81 |
| Gross Profit | 410.73 | 461.54 | 548.51 | 558.93 | 598.89 |
| Operating Profit | 136.92 | 141.80 | 186.62 | 98.75 | 94.45 |
| EBITDA | 158.40 | 168.01 | 190.27 | 112.96 | 159.45 |
| Profit after tax | 101.91 | 109.59 | 112.76 | 34.56 | 69.61 |

| Profitability Ratios | | | | | |
|---|---|---|---|---|---|
| Revenue Growth | 29.14% | 19.34% | 8.63% | 11.67% | -2.35% |
| Gross Margin | 23.96% | 22.56% | 24.69% | 22.53% | 24.72% |
| EBITDA Margin | 9.24% | 8.21% | 8.56% | 4.55% | 6.58% |
| Operating Margin | 7.99% | 6.93% | 8.40% | 3.98% | 3.90% |
| Profit Margin/ Net Margin | 5.95% | 5.36% | 5.08% | 1.39% | 2.87% |
| Efficiency Ratio | 18.23% | 17.38% | 19.81% | 21.31% | 24.66% |

| Balance Sheet Summary | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Total Assets | 1,214.25 | 1,474.44 | 1,648.92 | 1,742.48 | 2,289.26 |
| Shareholders Equity | 563.54 | 673.13 | 759.21 | 833.76 | 1,017.15 |
| Total Liability | 650.71 | 774.97 | 889.70 | 908.73 | 1,272.11 |
| Borrowing | 324.28 | 336.65 | 424.45 | 533.54 | 653.65 |
| Current Assets | 727.15 | 935.21 | 1,089.40 | 1,128.07 | 1,435.38 |
| Current Liabilities | 449.37 | 605.44 | 756.28 | 813.95 | 1,061.84 |
| | | | | | |
| Return on Assets | 8.39% | 7.43% | 6.84% | 1.98% | 3.04% |
| Return on Equity | 18.08% | 16.28% | 14.85% | 4.14% | 6.84% |
| Debt to Equity | 115% | 115% | 117% | 109% | 125% |
| Current Ratio | 162% | 154% | 144% | 139% | 135% |

ing of two new banking arrangements. Year-end foreign exchange losses were $8.4M less than prior year. This was done through the deliberate measures that have been implemented to reduce the gap in FX trading to support the importation of products.

## CONSOLIDATED PROFIT AFTER TAX

Despite the challenges experienced during the year, the Group generated a profit of $69.6M. This is up from a profit after tax of $35M in the prior year.

## STATEMENT OF FINANCIAL POSITION

**Total Group assets** grew by $546.8M or 32% from $1.74B to $2.29B when compared to year-ended March 31, 2020. This was due to increases in Property, Plant and Equipment ($208.6M), Intangibles ($32.3M), Inventories ($282.2M) and Cash and Cash Balances ($98.7M). Trade receivables fell by $72M when compared to prior year.

**Total Liabilities** increased by $363.4M or 40% from $908.7M to $1.27B. This was due to increases in Borrowings ($120.11M), Trade and other payables ($187.7M) and Deferred tax ($19.3M). The increase in borrowings was used to facilitate growth and business expansion.

**Shareholders' Equity** increased by $183.4M or 22% from $833.8M to $1,017.1M.

## LOOKING AHEAD

Although there is still looming uncertainty with the global health crisis, we remain optimistic about the future and our priority remains centred on ensuring that our operations are financially agile to quickly adapt to an unpredictable market environment. With this, the financial management objectives will be focused on conserving cash, streamlining working capital utilisation and maximising value from existing business operations. We continue to keep a close eye on trade recovery, container shortages, and the management of foreign exchange fluctuations.


VEX
MULTI-PURPOSE
MULTI-SURFACE
CREAM CLEANSER
CLEANS WITHOUT SCRATCHING.
Kitchen | Bathroom | Pots & Pans | Tiles
Stainless Steel | Other Hard Surfaces
Don't get mad...
GET VEX!
Cream Cleaner
Limpiador en Crema
Crème Nettoyante
VEX
Lemon Fresh
500mL | 16.9 FL OZ
MDS
Distributed by Medical Disposables & Supplies Ltd.
83 Hagley Park Road , Kingston 10. | Tel: 876-372-7547 & 876-276-9998 | email: info@mdsja.com | www.mdsja.com

# ALWAYS FIGHT FOR WHAT YOU LOVE!

## Human Resources

Throughout our 21 years in business, we have experienced challenges of many kinds, and this year was chief of them all, levelling immense punching power. Though it was one that demanded physical separation between colleagues, it served to promote a spirit of connectedness that led members of the MDS team to have an even greater respect for the distinct contributions made by each teammate, a deeper appreciation for the work we collectively do and the service we provide. It found us working ever more hand in glove with each other to provide continued service to essential workers and facilities.

Upholding our commitment to the country while keeping our people safe was foremost in our priorities at the onset of the pandemic. From our operations and logistics personnel who helped to keep our supply chain running, the Warehouse and Customer Care team who attended to the needs of customers and consumers, to the delivery team that made sure our customers (and by extension, families and individuals across the length and breadth of the island) had access to medication and health supplies - their combined efforts, hard work and dedication allowed us to concretise our commitment to service.

## TAKING CARE... OF OUR STAKEHOLDERS – THE COVID-19 TASK FORCE

The crisis spurred the mobilisation of an internal Covid-19 Task Force, led by the Human Resource & Administration Manager, Mrs. Nadine Banton. The objectives of the Task Force were multi-fold: to prepare for and to manage any possible impacts related to the outbreak and to protect the health and safety of all employees as well as ensuring continuity of our operations. Daily engagements with the committee were executed through planning sessions, discussions on important updates, reviews of the Company's pandemic protocol, provision of company-wide guidance and communication. There was a heavy reliance on the relevant government agencies for the most current information, guidelines and recommendations including that of the Ministry of Health and Wellness. We are happy to say that, amid the challenges and restrictions, we continued to responsibly provide consistent and reliable products to our customers and communities with no known cases of transmission among members of our team during the period.

Our digital office plan that had already been in train through our business continuity project was accelerated to leverage workplace flexibility for continuous engagement and productivity. A work-from-home arrangement was quickly implemented for our employees, where possible, while ensuring critical operations continued running. These were executed against a backdrop of strict sanitisation protocols and stringent operational protocols to protect our teams based at the office and those deployed in the field.

## GROWTH, RECRUITMENT & STAFFING

In support of our growing business, we further expanded and strengthened our workforce. Included in this was the Management Team which burgeoned to a body of 10, as part of a move towards providing greater accountability and focus to departmental responsibilities. Vacant key roles were also filled namely, that of the:

- Chief Financial Officer
- Chief Accountant
- Warehouse Supervisor
- Key Account Executive
- Trade Execution and Development Executive

The additions of these key personnel helped in alleviating some of the pressures experienced during the prior year and will further maximise the efficiency and professional interaction required to achieve the Company's overall objectives.

## TRAINING & DEVELOPMENT

Training and Development play an integral role in our talent management programme. Through our investment in human capital, we are not only ensuring positional success but leadership succession in our drive towards our goals. For the period under review, three areas of training were earmarked to ensure that employees were coached to upskill their capabilities, enhance internal competencies and become sufficiently experienced to the extent necessary to undertake their assigned activities and responsibilities with effectiveness.

(i) Data Integrity for Logistics Service Providers (LSP)

(ii) Product Spill Management

(iii) People Management for Supervisors

## STAFF WELFARE

Despite the keen attention paid to financial discipline and a very conscious approach to cost containment this year, following the announcement of new curfew measures and the decision to implement lockdown restrictions for the long Easter holiday weekend, we found it necessary to maintain a token of appreciation to our staff through the distribution of edible (Easter Bun) care packages, playfully branded under the theme 'Bun' Out the Lockdown. As the heart of our business, our team continues to prove deserving of actions, both large and small, that serve to sweeten the labour and recognise the vital and valuable role they offer to the Company's success.

As we continue to confront our rapidly changing environment and the 'new normal', we are confident that our team will emerge even stronger and more resilient than before.


Disiclin
A TRIPLE THREAT TO GERMS & BACTERIA
CLEANS
DISINFECTS
DEODORIZES
NOT ALL CLEANERS ARE CREATED EQUAL!
Grab the Triple Power of Discilin Today!
The proof is in the Label.
FLORAL
LEMON
APPLE
LILAC
JASMINE
EUCALYPTUS
LAVENDER
Disiclin
DISINFECTANT
Distributed by:
MDS
83 Hagley Park Road , Kingston 10. | 876-372-7547 & 876-276-9998
email: info@mdsja.com | www.mdsja.com
| homebymds

# Corporate Social Responsibility

## Protect and Serve

MDS is proud to have played an instrumental role in supporting initiatives to combat the effects of the virus and protect key personnel in vulnerable spaces. Our donations of personal protective equipment (PPE), and sanitisation support to various national entities sought to address the most critical needs brought on by the pandemic.

Of those activities that were undertaken, one that is of particular note was our first 'sanitisation invasion' of a renowned public facility, the Half-Way Tree Transportation Centre, specially selected for being a very central point with high volume pedestrian traffic passing through its location daily. The January 2021 activation was sponsored by lead product Disiclin, a disinfectant cleaner dubbed as a 'triple threat' because of its performance of three essential actions – cleaning, deodorising and disinfecting. Over 20 members of the Disiclin cleaning squad worked earnestly in targeting high-touch and communal areas such as railings, posts, doorknobs, bathrooms, seating and stairwells.


## Getting Back on Track

On March 19 and 20, the Anthrick Management Corporate High Schools Development Meet was the first track and field organisation to be included in the JAAA calendar of events for which GOJ approval was secured to allow for athletes to qualify for Boys and Girls Championships. With intense Covid protocol compliance being a part of the basis for approval, mandatory wearing of face masks and instalment of multiple sanitisation stations and frequent decontamination efforts pre and post event were additional cost factors for the event holders to manoeuvre. With such an event being so significant to school children and, in some cases, a vehicle through which some student-athletes' college prospects were hinged, we were more compelled to offer support this year through cash and kind contributions, with the latter including masks, rubbing alcohol and sanitising gel.


*Special Guest, Jeffrey Campbell (aka Agent Sasco) in dialogue with host, Terri-Karelle Reid, on the importance of evolving.*

*Participants onscreen being monitored by Phase 3 Productions.*

## M-Powered Continuing Education Event

In January 2021, the Company hosted the second staging of its highly anticipated Mpowered by MDS Continuing Education seminar for pharmacists from our 83 Hagley Park Road facility, with this year's theme being centred on "Change and Transformation". With the lingering effects of Covid-19, the format of the presentation package shifted to the online platform, backed with the multi-media excellence of Phase 3 Productions and seamlessly transmitted with Digicel's digital support and made possible by Dr. Reddy's Laboratories and the Sagicor Group. This year's instalment was meant to extend full respect, acknowledgement and gratitude to the pharmacists who have felt slighted by not being sufficiently recognised as being essential to the health sector and to the wider Jamaica during this particularly difficult and unprecedented health crisis.

*Nikeisha Boothe with Presenter, Dr. William Aiken*

*Dr. Andre' McDonald*

*Ms. Lisa Reid*

*Kurt Boothe, CEO turning the tables as DJ McLovin of Top Shelf Entertainment*

*Norma Williams (Brand Architect and CEO of BrandED)*

The Company's first-ever virtual online learning experience, flawlessly hosted by the incomparable Terri-Karrelle Reid, provided an important educational opportunity to pharmacists to amass requisite credits towards maintaining their professional licensure, at no cost to the participants. The event which brought together elements of education, entertainment and community, consisted of five (5) educational sessions from speakers with diverse areas of expertise including Ms. Lisa Reid (Public Health Nutrition and Lifestyle Pharmacist), Dr. William Aiken (Consultant Urologist), Dr. Andre' McDonald (Medical Doctor and CEO of SureTime Emergency Medical Services), Dr. Ajani Nugent ((Jamaican born, New York based Plastic Surgeon) and Norma Williams (Brand Architect and CEO of BrandED).

Pharmacists from every corner of the island and other parts of the globe learnt, laughed, and even danced a time or two while the MDS CEO, Mr. Kurt Boothe, changed proverbial hats and seamlessly transitioned to the turntables to provide rousing entertainment during the mandatory break period. Another highlight came when the participants were surprisingly treated to an 'Agent of Change', Jeffrey Campbell, more popularly known as Agent Sasco who has, himself, undergone many personal evolutions since entering the dancehall scene as a teenager in the late 90's. The lyrical genius was nothing short of uplifting as he engaged in conversation with the Mpowered host, and spontaneously spat a quick verse so that none were left disappointed.

The event was described by event goers as being on par with internationally staged experiences. As one attendee expressed, "MDS is certainly the BAR", while another quipped, "… MDS is empowering Pharmacists as we continue to serve and care for all Jamaicans."


WONDER GRO™
STYLING GELS
Castor Oil
Coconut Oil
Olive Oil
Argan Oil
Hemp Seed
Begamont
Healthy hair starts here!
Alcohol-free | Non-flaking
Adds Long Lasting Shine
Maximum Hold | Weightless
WONDER GRO
BIOTIN
STYLING GEL
MOISTURIZES & TAMES FRIZZ
ALCOHOL FREE • NON-FLAKING • MAXIMUM HOLD
NO TRIETHANOLAMINE (TEA)
Distributed by:
MDS
83 Hagley Park Road , Kingston 10. | 876-372-7547 & 876-276-9998
email: info@mdsja.com | www.mdsja.com
@BeautyBrandsByMDS

# Audited Financial Statements

BE THANKFUL FOR WHAT YOU ARE NOW, AND KEEP FIGHTING FOR WHAT YOU WANT TO BE TOMORROW.

HLB MAIR RUSSELL
CHARTERED ACCOUNTANTS

# Independent auditors' report

To the Members of
Medical Disposables & Supplies Limited

## Report on the Audit of the Financial Statements

We have audited the consolidated and stand-alone financial statements of Medical Disposables & Supplies Limited ("the Company") and its subsidiaries (together the Group) which comprise the consolidated and stand-alone statement of financial position as at March 31, 2021, the consolidated and stand-alone statement of profit or loss and other comprehensive income, consolidated and stand-alone statement of changes in equity and consolidated and stand-alone statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated and stand-alone financial statements give a true and fair view of the consolidated and stand-alone financial position of the Group and the Company as at March 31, 2021, and of the consolidated and stand-alone 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 Group and 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.

(i) Business combination

Effective March 30, 2021 Cornwall Enterprises Limited (CEL), a subsidiary of Medical Disposables & Supplies Limited (MDS), acquired the assets and liabilities of Cornwall Medical and Dental Supplies Limited, whose main activities were selling and distribution of medical and dental supplies and also operated registered pharmacies. In accordance with IFRS 3, Business Combination, the transaction was deemed to be a business combination as the assets acquired and liabilities assumed constitute a business. Cornwall Enterprises Limited was identified as the acquirer as prescribed by IFRS 3 qualifying factors. At the acquisition date, the amounts of the identifiable assets acquired and liabilities assumed, are measured at fair value.

**hlbjm.com**
Partners: Sixto P. Coy, Karen A. Lewis
3 Haughton Avenue, Kingston 10, Jamaica W.I. 56 Market Street, Montego Bay, Jamaica W.I.
**TEL:** (876) 926-2020/2 **TEL:** (876) 926-9400 **TEL:** (876) 952-2891 **EMAIL:** info@hlbjm.com

HLB MAIR RUSSELL
CHARTERED ACCOUNTANTS

# Independent auditors' report (cont'd)

To the Members of
Medical Disposables & Supplies Limited

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

### Key Audit Matters (cont'd)

(i) Business combination (cont'd)

Management obtained an independent valuation of the intangible assets in connection with certain assets acquired from Cornwall Medical and Dental Supplies Limited for financial reporting purpose.

Management judgement was applied as follows:

- In identifying and estimating the fair value of certain assets acquired as part of the transaction.
- In determining the likely economic lifespan of the assets acquired, based on consideration of similar assets.

#### How our audit addressed the key audit matter

Our audit procedures included, amongst others:

- Ensuring compliance with IFRS 3, we evaluated the techniques and methodologies used by the Company in arriving at the fair value of the assets acquired.
- Assessed the adequacy of the disclosures in the financial statements.
- We tested the Group ownership in shares in CEL.

Based on the procedures performed, we concluded that management's valuation is reasonable.

(ii) Allowance for expected credit losses

As at March 31, 2021 trade and other receivables after allowance for expected credit losses amounted to $457,387,463 or 19.97% 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.

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 are described in more detail in Note 27 to the financial statements.

#### How our audit addressed the key audit matter

Our audit procedures included, amongst others:

- Ensuring compliance with IFRS 9, we evaluated the techniques and methodologies used by the Company in order to assess expected credit losses.
- Evaluated the information of economic parameters included in the forward-looking information.
- Tested the accuracy of the ECL calculation.
- Tested subsequent collection from selected overdue customer assets.
- Assessed the adequacy of the disclosures in the financial statements.
- 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.

# Independent auditors' report (cont'd)

To the Members of
Medical Disposables & Supplies Limited

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

Responsibilities of Management and Those Charged with Governance for the Consolidated and Stand-alone 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 consolidated and stand-alone financial statements, management is responsible for assessing the Group's and 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 Group or the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated and Stand-alone Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone 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 skepticism 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 Group's and Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

HLB MAIR RUSSELL
CHARTERED ACCOUNTANTS

# Independent auditors' report (cont'd)

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 Consolidated and Stand-alone Financial Statements (cont'd)

- 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 Group's or 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 consolidated and stand-alone 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 Group or Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone 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 entities or business activities within the Group and Company to express an opinion on the consolidated and stand-alone financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors 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.

**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 Sixto P. Coy.

HLB Mair Russell
Chartered Accountants

Kingston, Jamaica

July 8, 2021

# Medical Disposables & Supplies Limited
# Consolidated Statement of Financial Position
March 31, 2021

| | Note | 2021 $ | 2020 $ |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | (3) | 819,679,345 | 611,071,709 |
| Right of use asset | (4) | 780,065 | 2,184,182 |
| Intangible assets | (5) | 33,423,182 | 1,157,886 |
| | | **853,882,592** | **614,413,777** |
| **Current assets** | | | |
| Inventories | (6) | 853,802,501 | 571,600,120 |
| Trade and other receivables | (7) | 457,389,463 | 529,404,611 |
| Prepayments | | 5,188,312 | 6,810,967 |
| Taxation recoverable | (8) | 2,350,718 | 2,340,447 |
| Cash and short-term deposits | (9) | 116,644,932 | 17,914,911 |
| | | **1,435,375,926** | **1,128,071,056** |
| **Total assets** | | **2,289,258,518** | **1,742,484,833** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Share capital | (10) | 107,835,764 | 107,835,764 |
| Revaluation reserve | (11) | 108,518,073 | 117,135,199 |
| Retained profits | | 678,401,286 | 608,787,503 |
| Non-controlling interest | | 122,391,000 | - |
| **Total equity** | | **1,017,146,123** | **833,758,466** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Due on business acquisition | (12) | 31,098,000 | - |
| Lease liabilities | (4) | - | 493,778 |
| Borrowings | (13) | 157,464,241 | 91,863,805 |
| Deferred tax liabilities | (14) | 21,710,392 | 2,419,746 |
| | | **210,272,633** | **94,777,329** |
| **Current liabilities** | | | |
| Lease liabilities | (4) | 660,520 | 1,611,499 |
| Bank overdraft | (9 & 15) | 144,996,589 | 141,800,495 |
| Borrowings | (13) | 351,190,677 | 299,876,127 |
| Trade and other payables | (16) | 431,575,470 | 365,353,854 |
| Due on business acquisition | (12) | 121,500,000 | - |
| Income tax payable | | 11,916,506 | 5,307,063 |
| | | **1,061,839,762** | **813,949,038** |
| **Total liabilities** | | **1,272,112,395** | **908,726,367** |
| **Total equity and liabilities** | | **2,289,258,518** | **1,742,484,833** |

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

Approved for issue by the Board of Directors on July 8, 2021 and signed on its behalf by:

_________________________ Director
**Winston Boothe**

_________________________ Director
**Kurt Boothe**

# Medical Disposables & Supplies Limited
# Consolidated Statement of Profit or Loss
Year ended March 31, 2021

| | Note | 2021 $ | 2020 $ |
|---|---|---|---|
| **Revenue** | | **2,422,806,606** | **2,481,141,479** |
| Cost of sales | (18) | (1,823,914,361) | (1,922,211,921) |
| **Gross profit** | | **598,892,245** | **558,929,558** |
| Other income | (17) | 5,215,620 | 5,645,110 |
| Administrative expenses | (18) | (254,825,054) | (244,240,744) |
| Selling and promotional costs | (18) | (225,344,159) | (184,651,373) |
| Impairment of financial assets | | (1,000,000) | (7,594,269) |
| Depreciation and amortisation | (18) | (28,493,524) | (29,343,036) |
| **Operating profit** | | **94,445,128** | **98,745,246** |
| Finance income | (20) | 484,818 | 2,848,993 |
| Finance costs | (20) | (70,085,966) | (48,135,334) |
| Gain on disposal of property, plant and equipment | | 50,000 | 1,500,833 |
| Loss on foreign exchange | | (11,042,237) | (19,482,279) |
| Gain arising on business acquisition | (21) | 62,085,000 | - |
| **Profit before tax** | | **75,936,743** | **35,477,459** |
| Income tax expense | (22) | (6,322,960) | (920,775) |
| **Net profit for the year** | | **69,613,783** | **34,556,684** |
| **Net profit for the year attributable to:** | | | |
| Non-controlling interest | | - | - |
| Owners of the parent | | **69,613,783** | **34,556,684** |
| **Earnings per share** | (23) | **0.26** | **0.13** |

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

# Medical Disposables & Supplies Limited
# Consolidated Statement of Other Comprehensive Income
Year ended March 31, 2021

| | Note | 2021 $ | 2020 $ |
|---|---|---|---|
| **Net profit for the year** | | **69,613,783** | **34,558,684** |
| **Other comprehensive income** | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Revaluation of land and buildings | (11) | - | 68,937,009 |
| Deferred tax | | (8,617,126) | - |
| | | **(8,617,126)** | **68,937,009** |
| **Total comprehensive income for the year** | | **60,996,657** | **103,493,693** |
| **Total comprehensive income for the year attributable to:** | | | |
| Non-controlling interest | | - | - |
| Owners of parent | | **60,996,657** | **103,493,693** |

# Medical Disposables & Supplies Limited
## Consolidated Statement of Changes in Equity
Year ended March 31, 2021

| | Share Capital $ | Revaluation Reserve $ | Retained Profits $ | Noncontrolling Interest $ | Total $ |
|---|---|---|---|---|---|
| **Balance at March 31,2019** | 107,835,764 | 48,198,190 | 603,178,188 | - | 759,212,142 |
| Dividends (Note 24) | - | - | (28,947,369) | | (28,947,369) |
| Transaction with owners | **-** | **-** | **(28,947,369)** | **-** | **(28,947,369)** |
| Profit for the year being total comprehensive income for the year | - | - | 34,556,684 | - | 34,556,684 |
| Other comprehensive income | - | 68,937,009 | - | - | 68,937,009 |
| Total comprehensive income | **-** | **68,937,009** | **34,556,684** | **-** | **103,493,693** |
| **Balance at March 31, 2020** | **107,835,764** | **117,135,199** | **608,787,503** | **-** | **833,758,466** |
| Noncontrolling interest | - | - | - | 122,391,000 | 122,391,000 |
| Profit for the year | - | - | 69,613,783 | - | 69,613,783 |
| Other comprehensive income | - | (8,617,126) | - | - | (8,617,126) |
| **Total comprehensive income** | **-** | **(8,617,126)** | **69,613,783** | **-** | **60,996,657** |
| **Balance at March 31, 2021** | **107,835,764** | **108,518,073** | **678,401,286** | **122,391,000** | **1,017,146,123** |

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

# Medical Disposables & Supplies Limited
# Consolidated Statement of Cash Flows
Year ended March 31, 2021

| | Note | 2021<br>$ | 2020<br>$ |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Profit before tax | | 75,936,743 | 35,477,459 |
| Adjustments for: | | | |
| Depreciation and amortisation | | 28,493,524 | 29,343,036 |
| Interest expense | (20) | 70,085,966 | 47,965,363 |
| Interest income | (20) | (484,818) | (2,848,993) |
| Gain on disposal of property, plant, and equipment | | (50,000) | (1,500,833) |
| Gain on business acquisition | | (62,085,000) | - |
| | | **111,896,415** | **108,436,032** |
| (Increase)/decrease in inventories | | (157,721,381) | 76,355,212 |
| Decrease/(increase) in trade and other receivables | | 143,876,148 | (139,198,025) |
| Decrease in prepayments | | 1,622,657 | 3,810,042 |
| Decrease in trade and other payables | | (39,276,384) | (89,347,401) |
| **Cash generated from/(used in) operations** | | **60,397,455** | **(39,944,140)** |
| Interest paid | | (70,085,966) | (47,699,839) |
| Income taxes paid | | - | (3,717,815) |
| **Net cash used in operating activities** | | **(9,688,511)** | **(91,361,794)** |
| **Cash flows from investing activities:** | | | |
| Interest received (net of withholding tax) | | 474,550 | 2,845,674 |
| Purchase of property, plant and equipment | (3) | (10,772,341) | (19,098,798) |
| Proceeds from disposal of property, plant and equipment | | 50,000 | 8,700,000 |
| Purchase of intangible asset | (5) | - | (127,837) |
| **Net cash used in investing activities** | | **(10,247,791)** | **(7,680,961)** |
| **Cash flows from financing activities:** | | | |
| Proceeds from borrowings | | 508,654,918 | 259,750,000 |
| Repayment of borrowings | | (391,739,932) | (282,254,254) |
| Repayment of other loan | | - | (10,000,000) |
| Lease repayment | | (1,444,757) | (1,466,518) |
| Dividends paid | | - | (28,947,369) |
| **Net cash provided by/(used in) financing activities** | | **115,470,229** | **(62,918,141)** |
| **Net increase/(decrease) in cash and cash equivalents** | | 95,533,927 | (161,960,896) |
| **Cash and cash equivalents at beginning of year** | | (123,885,584) | 38,075,312 |
| **Cash and cash equivalents at end of year** | (9) | **(28,351,657)** | **(123,885,584)** |

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

# Medical Disposables & Supplies Limited
## Statement of Financial Position (The Company)
Year ended March 31, 2021

| | Note | 2021 $ | 2020 $ |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | (3) | 595,368,345 | 611,071,709 |
| Right of use asset | (4) | 780,065 | 2,184,182 |
| Intangible assets | (5) | 544,182 | 1,157,886 |
| Investment in subsidiaries | | 121,500,000 | - |
| | | **718,192,592** | **614,413,777** |
| **Current assets** | | | |
| Inventories | (6) | 729,321,501 | 571,600,120 |
| Trade and other receivables | (7) | 385,528,463 | 529,404,611 |
| Prepayments | | 5,188,312 | 6,810,967 |
| Taxation recoverable | (8) | 2,350,718 | 2,340,447 |
| Cash and short-term deposits | (9) | 116,644,932 | 17,914,911 |
| | | **1,239,033,926** | **1,128,071,056** |
| **Total assets** | | **1,957,226,518** | **1,742,484,833** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Share capital | (10) | 107,835,764 | 107,835,764 |
| Revaluation reserve | (11) | 108,518,073 | 117,135,199 |
| Retained profits | | 616,316,286 | 608,787,503 |
| **Total equity** | | **832,670,123** | **833,758,466** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Lease liabilities | (4) | - | 493,778 |
| Borrowings | (13) | 157,464,241 | 91,863,805 |
| Deferred tax liabilities | (14) | 10,750,392 | 2,419,746 |
| | | **168,214,633** | **94,777,329** |
| **Current liabilities** | | | |
| Lease liabilities | (4) | 660,520 | 1,611,499 |
| Bank overdraft | (9 & 15) | 144,996,589 | 141,800,495 |
| Borrowings | (13) | 351,190,677 | 299,876,127 |
| Trade and other payables | (16) | 326,077,470 | 365,353,854 |
| Due on business acquisition | | 121,500,000 | - |
| Income tax payable | | 11,916,506 | 5,307,063 |
| | | **956,341,762** | **813,949,038** |
| **Total liabilities** | | **1,124,556,395** | **908,726,367** |
| **Total equity and liabilities** | | **1,957,226,518** | **1,742,484,833** |

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

Approved for issue by the Board of Directors on July 8, 2021 and signed on its behalf by:

W.Boothe ______ Director — **Winston Boothe**

K. Boothe ______ Director — **Kurt Boothe**

# Medical Disposables & Supplies Limited
# Statement of Profit or Loss (The Company)
Year ended March 31, 2021

| | Note | 2021<br>$ | 2020<br>$ |
|---|---|---|---|
| **Revenue** | | **2,422,806,606** | **2,481,141,479** |
| Cost of sales | (18) | (1,823,914,361) | (1,922,211,921) |
| **Gross profit** | | **598,892,245** | **558,929,558** |
| Other income | (17) | 5,215,620 | 5,645,110 |
| Administrative expenses | (18) | (254,825,054) | (244,240,744) |
| Selling and promotional costs | (18) | (225,344,159) | (184,651,373) |
| Impairment of financial assets | | (1,000,000) | (7,594,269) |
| Depreciation and amortisation | (18) | (28,493,524) | (29,343,036) |
| **Operating profit** | | **94,445,128** | **98,745,246** |
| Finance income | (20) | 484,818 | 2,848,993 |
| Finance costs | (20) | (70,085,966) | (48,135,334) |
| Gain on disposal of property, plant and equipment | | 50,000 | 1,500,833 |
| Loss on foreign exchange | | (11,042,237) | (19,482,279) |
| **Profit before tax** | | **13,851,743** | **35,477,459** |
| Income tax expense | (22) | (6,322,960) | (920,775) |
| **Net profit for the year** | | **7,528,783** | **34,556,684** |

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

# Medical Disposables & Supplies Limited
# Statement of Other Comprehensive Income (The Company)
Year ended March 31, 2021

| | Note | 2021<br>$ | 2020<br>$ |
|---|---|---|---|
| **Net profit for the year** | | **7,528,783** | **34,558,684** |
| **Other comprehensive income** | | | |
| Items that will not be reclassified to profit or loss | | | |
| Gains on revaluation of land and buildings | (11) | - | 68,937,009 |
| Deferred tax | (11) | (8,617,126) | - |
| **Other comprehensive (loss)/income for the year, net of tax** | | **(8,617,126)** | **68,937,009** |
| **Total comprehensive (loss)/income for the year** | | **(1,088,343)** | **103,493,693** |

## Medical Disposables & Supplies Limited
## Statement of Changes in Equity (The Company)
Year ended March 31, 2021

| | Share Capital $ | Revaluation Reserve $ | Retained Profits $ | Total $ |
|---|---|---|---|---|
| **Balance at March 31,2019** | 107,835,764 | 48,198,190 | 603,178,188 | 759,212,142 |
| Dividends (Note 24) | - | - | (28,947,369) | (28,947,369) |
| Transaction with owners | **-** | **-** | **(28,947,369)** | **(28,947,369)** |
| Profit for the year | - | - | 34,556,684 | 34,556,684 |
| Other comprehensive income | - | 68,937,009 | - | 68,937,009 |
| **Total comprehensive income for the year** | **-** | **68,937,009** | **34,556,684** | **103,493,693** |
| **Balance at March 31, 2020** | **107,835,764** | **117,135,199** | **608,787,503** | **833,758,466** |
| Profit for the year | - | - | 7,528,783 | 7,528,783 |
| Other comprehensive income | - | (8,617,126) | - | (8,617,126) |
| **Total comprehensive income for the year** | **-** | **(8,617,126)** | **7,528,783** | **(1,088,343)** |
| **Balance at March 31, 2021** | **107,835,764** | **108,518,073** | **616,316,286** | **832,670,123** |

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

# Medical Disposables & Supplies Limited
# Statement of Cash Flows (The Company)
Year ended March 31, 2021

| | Note | 2021 $ | 2020 $ |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Profit before tax | | **13,851,743** | **35,477,459** |
| Adjustments for: | | | |
| Depreciation and amortisation | | 28,493,524 | 29,343,036 |
| Interest expense | (20) | 70,085,966 | 47,965,363 |
| Interest income | (20) | (484,818) | (2,848,993) |
| Gain on disposal of property, plant, and equipment | | (50,000) | (1,500,833) |
| | | **111,896,415** | **108,436,032** |
| (Increase)/decrease in inventories | | (157,721,381) | 76,355,212 |
| Decrease/(increase) in trade and other receivables | | 143,876,148 | (139,198,025) |
| Decrease in prepayments | | 1,622,657 | 3,810,042 |
| Decrease in trade and other payables | | (39,276,384) | (89,347,401) |
| **Cash generated from/(used in) operations** | | **60,397,455** | **(39,944,140)** |
| Interest paid | | (70,085,966) | (47,699,839) |
| Income taxes paid | | - | (3,717,815) |
| **Net cash used in operating activities** | | **(9,688,511)** | **(91,361,794)** |
| **Cash flows from investing activities:** | | | |
| Interest received (net of withholding tax) | | 474,550 | 2,845,674 |
| Purchase of property, plant and equipment | (3) | (10,772,341) | (19,098,798) |
| Proceeds from disposal of property, plant and equipment | | 50,000 | 8,700,000 |
| Purchase of intangible asset | (5) | - | (127,837) |
| **Net cash used in investing activities** | | **(10,247,791)** | **(7,680,961)** |
| **Cash flows from financing activities:** | | | |
| Proceeds from borrowings | | 508,654,918 | 259,750,000 |
| Repayment of borrowings | | (391,739,932) | (282,254,254) |
| Repayment of other loan | | - | (10,000,000) |
| Lease repayment | | (1,444,757) | (1,466,518) |
| Dividends paid | | - | (28,947,369) |
| **Net cash provided by/(used in) financing activities** | | **115,470,229** | **(62,918,141)** |
| **Net increase/(decrease) in cash and cash equivalents** | | 95,533,927 | (161,960,896) |
| **Cash and cash equivalents at beginning of year** | | (123,885,584) | 38,075,312 |
| **Cash and cash equivalents at end of year** | (9) | **(28,351,657)** | **(123,885,584)** |

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

# Medical Disposables & Supplies Limited
## Notes to the Financial Statements
Year ended March 31, 2021

### 1. Identification and principal activities

Medical Disposables & Supplies Limited (the Company) is a limited liability company and was incorporated under the Laws of Jamaica on November 27, 1998. 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.

Medical Disposables & Supplies Limited is the parent company of Cornwall Enterprises Limited. The subsidiary is 60% owned by the Company. The Company and its subsidiary are referred to as the Group.

The Company's shares were listed on the Junior Market of the Jamaica Stock Exchange on December 24, 2013.

**Subsidiary**

The subsidiary incorporated in Jamaica, with operating activities as follows:

| Company | Shareholdings | Main activities |
|---|---|---|
| Cornwall Enterprises Limited | 60% | Retail and wholesale of Pharmaceutical, medical and other supplies |

The operation of the subsidiary has not commenced.

### 2. Summary of significant accounting policies

#### a Basis of preparation

These consolidated and stand-alone financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention as modified by the revaluation of certain fixed and financial assets, investment properties and financial liabilities.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2t.

**Standards, interpretations and amendments to published standards effective in the current year**

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new standards, interpretations and amendments and has put into effect the following:

- Amendments to IAS 1 'Presentation of financial statements' and IAS 8 'Accounting policies, changes in accounting estimates and errors' (effective for annual periods beginning on or after 1 January 2020). These amendments clarify the definition of materiality and the meaning of primary users of general purpose financial statements by defining them as existing and potential investors, lenders and other creditors. The Group has applied the guidance on materiality when preparing its financial statements.

## 2. Summary of significant accounting policies

### a Basis of preparation (cont'd)

**Standards, interpretations and amendments to published standards effective in the current year (cont'd)**

- IFRS 3 'Business combinations' (effective for annual periods beginning on or after January 1, 2020). This amendment revises the definition of a business which requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term outputs is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. There was no impact from the adoption of this amendment.

- Revised Conceptual Framework for Financial Reporting (effective for annual periods beginning on or after January 1, 2020). The revised Conceptual Framework will be used in standard-setting decisions with immediate effect, however no changes will be made to any of the current accounting standards. Entities that apply the Conceptual Framework in determining accounting policies will need to consider whether their accounting policies are still appropriate under the revised Framework. There was no impact from the adoption of this amendment.

**Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group and Company**

At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to existing standards have been issued which are mandatory for the Group's accounting periods beginning on or after January 1, 2020, or later periods, but were not effective at the statement of financial position date. The Group has assessed the relevance of all such new standards, interpretations, and amendments, has determined that the following may be immediately relevant to its operations, and has concluded as follows:

- IFRS 16, 'Leases' – Covid-19 related rent concessions (effective for annual periods beginning on or after June 1, 2020). As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16, 'Leases' which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted. The Group is currently assessing the impact of this amendment.

- Amendments to IAS 1, 'Presentation of financial statements' (effective for annual periods beginning on or after January 1, 2022). These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The Group is currently assessing the impact of this amendment.

**2. Summary of significant accounting policies**

**a Basis of preparation (cont'd)**

**Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group and Company (cont'd)**

- Amendment to IAS 16, 'Property, plant and equipment' (effective for annual periods beginning on or after January 1, 2022). This amendment prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognise such sales proceeds and related cost in profit or loss. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The Group is currently assessing the impact of this amendment.

- Amendments to IFRS 3, 'Business combinations' (effective for annual periods beginning on or after January 1, 2022). Minor amendments were made to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date. The Group will apply this amendment to future transactions.

- Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' (effective for annual periods beginning on or after January 1, 2022). This amendment specifies which costs a company includes when assessing whether a contract will be loss making. It clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. The Group is currently assessing the impact of this amendment.

- Annual improvements to IFRSs 2018 – 2020 cycles (effective for annual periods beginning on or after January 1, 2022). These amendments include minor changes to the following standards:

  - IFRS 9, 'Financial instruments'
  - IFRS 16, 'Leases'
  - IFRS 1, 'First-time adoption of International Financial Reporting Standards
  - IAS 41, 'Agriculture'

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

## 2. Summary of significant accounting policies (cont'd)

### b Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has control. The Group has control over an entity when the Group is exposed to the variable returns from its ownership interest in the entity and when the Group can effect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group, and subsidiaries are de-consolidated from the date on which control ceases.

All material intra-Group balances, transactions and gains are eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

The Group uses the acquisition method of accounting when control over entities and insurance businesses is obtained by the Group. The cost of an acquisition is measured as the fair value of the identifiable assets given, the equity instruments issued and the liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any minority interest. Acquisition-related costs are expensed as incurred.

The excess of the cost of the acquisition, the non-controlling interest recognised and the fair value of any previously held equity interest in the acquiree, over the fair value of the net identifiable assets acquired is recorded as goodwill. If there is no excess and there is a shortfall, the Group reassesses the net identifiable assets acquired. If after reassessment, a shortfall remains, the acquisition is deemed to be a bargain purchase and the shortfall is recognised in income as a gain on acquisition. Any non-controlling interest balances represent the equity in a subsidiary not attributable to the Company's interests.

On an acquisition-by-acquisition basis, the Group recognises at the date of acquisition the components of any minority interest in the acquiree either at fair value or at the proportionate share of the acquiree's net identifiable assets. The latter option is only available if the minority interest component is entitled to a proportionate share of net identifiable assets of the acquiree in the event of liquidation.

Non-controlling interest balances are subsequently re-measured by the minority's proportionate share of changes in equity after the date of acquisition. Investments in subsidiaries are stated in the Company's financial statements at cost less impairment.

(ii) Change in ownership interests in subsidiaries without change in control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity, Gains or losses on disposals to non-controlling interests are also recorded in equity.

## 2. Summary of significant accounting policies (cont'd)

### b Basis of consolidation (cont'd)

(iii) Associates

The investments in associated companies, which are not majority-owned or controlled but where significant influence exists, are included in these consolidated financial statements under the equity method of accounting. Investments in associated companies are originally recorded at cost and include intangible assets identified on acquisition.

The Group recognises in income its share of associate companies' post acquisition income and its share of the amortisation and impairment of intangible assets which were identified on acquisition. Unrealised gains or losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. The Group recognises in other comprehensive income, its share of post-acquisition other comprehensive income.

(iv) Discontinued operations

When the Group disposes of interest in an entity or a significant portion of the Company, the disclosure will reflect a single amount in the statement of comprehensive income comprising the total of:

(i) the post-tax profit or loss of discontinued operations and

(ii) the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal Group(s) constituting the discontinued operation.

The statement of comprehensive income shows a section identified as relating to discontinued operations; that is, separately from continuing operations.

(v) Joint operation

The Group recognises its investment in joint operation by accounting for its relevant share of the assets, liabilities, revenues and expenses of joint operations and its share of any jointly incurred assets, liabilities, revenues, and expenses.

### c Segment reporting

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

## 2. Summary of significant accounting policies (cont'd)

### d Property, plant and equipment

(i) 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 valuators once every (3) years, or more frequently, if market factors indicate a material change in fair value. Any surplus arising on revaluation of land and buildings is recognised in other comprehensive income and credited to revaluation reserve in equity. To the extent that any decrease or impairment loss had previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the increase recognised in other comprehensive income.

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

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

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

The following useful lives are applied:

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

(iv) Repairs and renewal

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

### e Inventories

Inventories are stated at the lower of cost, determined on the average cost basis, and net realisable value. Cost represents invoiced cost plus direct inventory related expenses; net realisable value is based upon estimated selling price less cost to sell.

### f 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.

### g 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.

# Medical Disposables & Supplies Limited
# Notes to the Financial Statements
Year ended March 31, 2021

## 2. Summary of significant accounting policies (cont'd)

### h 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.

### i 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.

### j 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.

## 2. Summary of significant accounting policies (cont'd)

### k Financial instruments

**Recognition and derecognition**

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

**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, neither the Group nor Company had 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 Group and 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 and 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.

## 2. Summary of significant accounting policies (cont'd)

### k Financial instruments (cont'd)

The category also contains equity investments. The Group and Company accounts for these equity investments at FVTPL and did not make the irrevocable election to account for these equity investments at fair value through other comprehensive income (FVOCI).

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

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

The Group and Company account for financial assets at FVOCI if the assets meet both of the following conditions:

- they are held under a business model whose objective is achieved by both collecting the contractual cash flows and selling the financial assets 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 are recognised in other comprehensive income (OCI).

**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 financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 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.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

  '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

**2. Summary of significant accounting policies (cont'd)**

**k Financial instruments (cont'd)**

**Other receivables and contract assets**

The Group and Company makes use of a simplified approach in accounting for impairment of 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 Group and Company assess impairment of other receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due.

**Classification and measurement of financial liabilities**

The Group and Company's financial liabilities include borrowings, trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs, unless the Group and 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.

**l 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.

## 2. Summary of significant accounting policies (cont'd)

### m Impairment

The Group and 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.

### n Intangible assets

Certain relations and trade names acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values.

All finite-lived intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 2(m). The following useful lives are applied:

- Acquired software: 5 years
- Customer relations: 7 years

Trade name is carried at cost less amortised impairment losses.

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.

### o 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.

## 2. Summary of significant accounting policies (cont'd)

### p Leases

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

### q 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.

### r 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.

### s 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.

## 2. Summary of significant accounting policies (cont'd)

### t Use of estimates and judgments

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

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) Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

(ii) Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management basis its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

# Medical Disposables & Supplies Limited
## Notes to the Financial Statements
Year ended March 31, 2021

**3. Property, plant and equipment comprise: (The Group)**

The carrying amounts for property, plant and equipment for the period included in these financial statements as at March 31, 2021 can be analysed as follows:

| | Land and Buildings $ | Furniture Fixtures and Equipment $ | Computers $ | Motor Vehicles $ | Total $ |
|---|---|---|---|---|---|
| **Gross carrying amount** | | | | | |
| Balance at April 1, 2020 | 540,000,000 | 93,909,492 | 12,698,221 | 43,227,834 | 689,835,547 |
| Additions | 7,552,791 | 1,727,422 | 1,492,128 | - | 10,772,341 |
| Acquired on Business Acquisition | 195,909,000 | 26,972,000 | 1,430,000 | - | 224,311,000 |
| Disposals | - | - | - | (277,728) | (277,728) |
| **Balance at March 31, 2021** | **743,461,791** | **122,608,914** | **15,620,349** | **42,950,106** | **924,641,160** |
| **Depreciation** | | | | | |
| Balance at April 1, 2020 | (1,692,029) | (42,732,014) | (8,530,224) | (25,809,573) | (78,763,840) |
| Charge for the year | (10,156,596) | (9,733,166) | (1,887,982) | (4,697,959) | (26,475,703) |
| Disposals | - | - | - | 277,728 | 277,728 |
| **Balance at March 31, 2021** | **(11,848,625)** | **(52,465,180)** | **(10,418,206)** | **(30,229,804)** | **(104,961,815)** |
| **Carrying amount at March 31, 2021** | **731,613,166** | **70,143,734** | **5,202,143** | **12,720,302** | **819,679,345** |

i Land and buildings were revalued by independent valuators, David Thwaites and Associates, Chartered Valuation Surveyors, on February 25, 2020, February 27, 2020 and February 29, 2020. The resulting increase in valuation has been debited to revaluation reserve in equity.

ii Under the cost model, the carrying amount of revalued land and buildings at reporting date would be $329,637,647 (2020 - $331,088,175).

iii Land and buildings have been pledged as security for loans received from a financial institution (Note 13).

## 3. Property, plant and equipment comprise (cont'd): (The Group)

| | Land and Buildings $ | Construction In Progress $ | Leasehold Improvement $ | Furniture Fixtures and Equipment $ | Computers $ | Motor Vehicles $ | Total $ |
|---|---|---|---|---|---|---|---|
| **Gross carrying amount** | | | | | | | |
| Balance at April 1, 2019 | 486,785,829 | 9,711,641 | 2,826,409 | 93,175,150 | 10,370,281 | 37,941,320 | 640,810,630 |
| Additions | - | - | - | 734,342 | 2,327,940 | 16,036,514 | 19,098,798 |
| Transfers | 12,538,050 | (9,711,641) | (2,826,409) | - | - | - | - |
| Disposals | - | - | - | - | - | (10,750,000) | (10,750,000) |
| Revaluation increase | 40,676,121 | - | - | - | - | - | 40,676,121 |
| **Balance at March 31, 2020** | **540,000,000** | **-** | **-** | **93,909,492** | **12,698,221** | **43,227,834** | **689,835,549** |
| **Depreciation** | | | | | | | |
| Balance at April 1, 2019 | (18,138,611) | - | (1,029,473) | (33,204,007) | (6,956,696) | (23,758,093) | (83,086,880) |
| Charge for the year | (10,643,514) | - | (141,320) | (9,528,007) | (1,573,528) | (5,602,313) | (27,488,682) |
| Transfers | (1,170,793) | - | 1,170,793 | - | - | - | - |
| Disposals | - | - | - | - | - | 3,550,833 | 3,550,833 |
| Eliminated on revaluation | 28,260,889 | - | - | - | - | - | 28,260,889 |
| **Balance at March 31, 2020** | **(1,692,029)** | **-** | **-** | **(42,732,014)** | **(8,530,224)** | **(25,809,573)** | **(78,763,840)** |
| **Carrying amount at March 31, 2020** | **538,307,971** | **-** | **-** | **51,177,478** | **4,167,997** | **17,418,261** | **611,071,709** |

# Medical Disposables & Supplies Limited
# Notes to the Financial Statements
Year ended March 31, 2021

## 4. Leases (The Group and Company)

The Group leased premises at 85 Hagley Park Road, for a period of 28 months with an option to renew.

Information about the lease for which the Group is a lessee is presented below:

### (a) Right of use asset

| | 2021 $ | 2020 $ |
|---|---|---|
| Balance at April 1, 2020 | 2,184,182 | 3,276,273 |
| Amortisation charged for the year | (1,404,117) | (1,092,091) |
| **Balance at March 31, 2021** | **780,065** | **2,184,182** |

### (b) Lease liabilities

| | 2021 $ | 2020 $ |
|---|---|---|
| **Maturity analysis – contractual** | | |
| Current | 660,520 | 1,611,499 |
| Non-current | - | 493,778 |
| | **660,520** | **2,105,277** |

| | 2021 $ | 2020 $ |
|---|---|---|
| **Balance at April 1,** | 2,105,277 | 1,760,445 |
| Lease payment | (1,289,674) | 539,417 |
| Interest expense | (155,083) | (194,585) |
| **Balance at March 31,** | **660,520** | **2,105,277** |

### (c) Amounts recognised in profit or loss

| | 2021 $ | 2020 $ |
|---|---|---|
| Amortisation charged on right-of-use asset | 1,404,117 | 1,092,091 |
| Interest expense on lease liabilities | 155,083 | 295,524 |
| | **1,559,200** | **1,387,615** |

### (d) Amounts recognised in the statement of cash flow

| | 2021 $ | 2020 $ |
|---|---|---|
| Total cash outflow for lease | **1,444,757** | **1,466,518** |

# Medical Disposables & Supplies Limited
# Notes to the Financial Statements
Year ended March 31, 2021

## 5. Intangible assets (The Group)

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

| | Customer relations and trade name $ | Acquired Software $ | Total $ |
|---|---|---|---|
| **Gross carrying amount** | | | |
| Balance at April 1, 2020 | - | 8,277,694 | 8,277,694 |
| Acquired on business acquisition | 32,879,000 | - | 32,879,000 |
| **Balance at March 31, 2021** | **32,879,000** | **8,277,694** | **41,156,694** |
| **Amortisation** | | | |
| Balance at April 1, 2020 | - | (7,119,808) | (7,119,808) |
| Charge for the year | - | (613,704) | (613,704) |
| **Balance at March 31, 2021** | **-** | **(7,733,512)** | **(7,733,512)** |
| **Carrying amount at March 31, 2021** | **32,879,000** | **544,182** | **33,423,182** |

| | Acquired Software $ | Total $ |
|---|---|---|
| **Gross carrying amount** | | |
| Balance at April 1, 2019 | 8,149,857 | 8,149,857 |
| Addition | 127,837 | 127,837 |
| **Balance at March 31, 2020** | **8,277,694** | **8,277,694** |
| **Amortisation** | | |
| Balance at April 1, 2019 | (6,357,544) | (6,357,544) |
| Charge for the year | (762,264) | (762,264) |
| **Balance at March 31, 2020** | **(7,119,808)** | **(7,119,808)** |
| **Carrying amount at March 31, 2020** | **1,157,886** | **1,157,886** |

## 6. Inventories

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2021 $ | 2020 $ | 2021 $ | 2020 $ |
| Pharmaceuticals | 485,233,723 | 356,061,992 | 360,752,723 | 356,061,992 |
| Medical and other supplies | 259,920,705 | 190,229,988 | 259,920,705 | 190,229,988 |
| Goods in transit | 116,766,352 | 40,287,318 | 116,966,352 | 40,287,318 |
| | 862,120,780 | 586,579,298 | 737,639,780 | 586,579,298 |
| Less provision | (8,318,279) | (14,979,178) | (8,318,279) | (14,979,178) |
| **Total** | **853,802,501** | **571,600,120** | **729,321,501** | **571,600,120** |

The cost of inventories recognised as an expense during the year was $1,823,914,361 (2020 -$1,922,211,921). This includes $22,412,217 (2020 – 22,637,218) in respect of expired items and write-downs to net realisable value.

# Medical Disposables & Supplies Limited
## Notes to the Financial Statements
Year ended March 31, 2021

### 7. Trade and other receivables

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2021 $ | 2020 $ | 2021 $ | 2020 $ |
| Trade | 404,892,838 | 460,294,667 | 333,031,838 | 460,294,667 |
| Less: Allowance for expected credit loss | (7,211,917) | (9,765,606) | (7,211,917) | (9,765,606) |
| | 397,680,921 | 450,529,061 | 325,819,921 | 450,529,061 |
| Other | 59,708,542 | 78,875,550 | 59,708,542 | 78,875,550 |
| **Total** | **457,389,463** | **529,404,611** | **385,528,463** | **529,404,611** |

The average credit period on sale of goods is 30 – 60 days. The Group provides for approximately 100% of trade receivables over 365 days.

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2021 $ | 2020 $ | 2021 $ | 2020 $ |
| Not more than 3 months | 337,729,404 | 301,453,237 | 289,945,888 | 301,453,237 |
| More than 3 months but not more than 6 months | 38,340,976 | 116,457,384 | 29,123,299 | 116,457,384 |
| More than 6 months but not more than 1 year | 21,611,541 | 22,733,839 | 6,750,734 | 22,733,839 |
| More than 1 year | - | 9,884,601 | - | 9,884,601 |
| **Total** | **397,681,921** | **450,529,061** | **325,819,921** | **450,529,061** |

### 8. Taxation recoverable (The Group and Company)

This represents withholding tax recoverable that is still being pursued by management.

### 9. Cash and short-term deposit (The Group and Company)

| | Interest Rate % p.a. | 2021 $ | 2020 $ |
|---|---|---|---|
| **Cash and short-term deposits:** | | | |
| Bank and cash: | | | |
| Petty Cash | | 176,563 | 101,000 |
| - J$ Current account | | 21,420,731 | 12,978,655 |
| - US$ Savings account (US$655,078) (2020 – US$ 31,884)) | 0.01 – 0.05 | 94,907,745 | 4,661,161 |
| Sterling savings account (£95) (2020 - £321)) | 0.05 | 18,933 | 53,135 |
| **Cash at bank and in hand** | | **116,523,972** | **17,793,951** |
| Short-term deposits | 2.0 - 2.85 | 120,960 | 120,960 |
| **Total cash and short-term deposits** | | **116,644,932** | **17,914,911** |
| Less: Bank overdraft (Note 15) | | (144,996,589) | (141,800,495) |
| **Total cash and cash equivalents** | | **(28,351,657)** | **(123,885,584)** |

# Medical Disposables & Supplies Limited
# Notes to the Financial Statements
Year ended March 31, 2021

## 10. Share capital (The Group and Company)

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Authorised:<br>408,000,000 ordinary shares | | |
| Issued shares at no par value<br>263,157,895 ordinary shares | 107,835,764 | 107,835,764 |

## 11. Revaluation reserve (The Group and Company)

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

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Balance at April 1 | 117,135,199 | 48,198,190 |
| Deferred tax related to revaluation | (8,617,126) | - |
| Surplus arising on revaluation of land and buildings | - | 68,937,009 |
| **Balance at end of the year** | **108,518,073** | **117,135,199** |

## 12. Due on business acquisition (Group and Company)

| | 2021<br>$ |
|---|---|
| Current | 121,500,000 |
| Non-current | 31,098,000 |
| | **152,598,000** |

## 13. Borrowings (The Group and Company)

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| (a) Bank of Nova Scotia (BNS): | | |
| Non-revolving loans | - | 131,989,932 |
| Revolving loan | - | 259,750,000 |
| (b) National Commercial Bank (NCB): | | |
| Revolving loan | 350,000,000 | - |
| Amortising loan facility | 141,500,000 | - |
| (c) Sagicor Bank of Jamaica | | |
| Demand loan | 17,154,918 | - |
| | **508,654,918** | **391,739,932** |
| Current portion | (351,190,677) | (299,876,127) |
| Non-current | **157,464,241** | **91,863,805** |

**(a) Bank of Nova Scotia (BNS)**
**Non-revolving loans**

- A loan of $200 million was received January 2, 2015 towards the purchase of commercial real estate. The loan was for a period of sixty (60) months with twelve (12) months moratorium on principal payments. Interest was fixed at a rate of 7% per annum.

- Loans of $25,000,000 and $36,870,000 were received July 2016. They were repayable by fifty-nine (59) monthly payments of $208,330 and $307,250 respectively plus a final payment of $12,708,530 and $18,742,250, respectively. Interests on the loans were 4.764% and 7% per annum respectively.

**Revolving loans**

The revolving loan facility with Bank of Nova Scotia (BNS), bears interest rates between 6.5% and 7% per annum.

The loans and overdraft were secured by:

Demand debenture over fixed assets of the Group, collaterally stamped and supported by:

- First and second Legal Mortgages stamped an aggregate 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 to third Legal Mortgage over commercial property located at 83 Hagley Park Road, Kingston 10 registered at Volume 1066 Folio 337 and 338 appraised May 24, 2017.

Assignment of All Risk Peril Insurance policy over the assets of the Group.

These loans were repaid during the year.

# Medical Disposables & Supplies Limited
# Notes to the Financial Statements
Year ended March 31, 2021

**13. Borrowings (The Group and Company) (cont'd)**

**(b) National Commercial Bank (NCB)**

- A loan of $141,500,000, was received July 29, 2020. The loan is repayable by one hundred and twenty (120) monthly instalments of $1,606,704. Interest on the loan is 5.95% respectively.

- A revolving loan facility $400,000,000 was received during the year with interest of 6.115% per annum. The loan matures within six (6) months of the loan drawn down date.

  The loans and overdraft are secured by:

  Debenture over fixed and floating assets of the Group, collaterally stamped and supported by:

- First Legal Mortgage over commercial property registered by Volume 1,327 folios 620 & 621 and Volume 1312 folio 165 located at Units 25, 26 & 27 The Domes, 85 Hagley Park Road, Kingston 10 in the parish of St. Andrew in the name of Medical Disposables and Supplies Limited with a current market value of $420,000,000.

- Assignment of All Risk Peril Insurance policy over the assets of the Group.

**(c) Sagicor Bank Jamaica Limited**

A demand loan of $17,500,000 was received on December 23, 2020. The loan is repayable by one hundred and twenty (120) monthly instalments of $207, 925. Interest on the loan is 7.85%.

The loan is secured by:

- First Demand Mortgage over commercial property located at 4 Carpenter Road, Kingston 11 registered at Volume 1194 Folio 596 in the name of Medical Disposables and Supplies Limited STC: JMD$17,250,000.

**14. Deferred tax liabilities (The Group and Company)**

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

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Property, plant, and equipment | **21,710,392** | **2,419,746** |

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

| | 2021<br>$ | 2020<br>$ | 2021<br>$ | 2020<br>$ |
|---|---|---|---|---|
| Balance at beginning of year | 2,419,746 | 6,836,034 | 2,419,746 | 6,836,034 |
| Recognised in business acquisition | 10,960,000 | | | |
| Credit to tax expense (Note 22) | (286,480) | (4,416,288) | (286,480) | (4,416,288) |
| Deferred tax liabilities related to revaluation (Note 11) | 8,617,126 | - | 8,617,126 | - |
| **Deferred tax liability** | **21,710,392** | **2,419,746** | **10,750,392** | **2,419,746** |

# Medical Disposables & Supplies Limited
# Notes to the Financial Statements
Year ended March 31, 2021

## 15. Bank overdraft (The Group and Company)

(i) The Group and Company have an overdraft facility of $130,000,000 with Sagicor Bank Limited at a rate of 8.5% per annum. The facility is unsecured.

(ii) The Group and Company have an overdraft facility of $200,000,000 with National Commercial Bank at a rate of 9.5% per annum. The facility is unsecured.

## 16. Trade and other payables

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2021<br>$ | 2020<br>$ | 2021<br>$ | 2020<br>$ |
| Trade | 341,257,188 | 290,198,574 | 235,759,188 | 290,198,574 |
| Accruals | 35,259,553 | 19,056,468 | 25,305,553 | 19,056,468 |
| Other | 55,058,729 | 56,098,812 | 55,058,729 | 56,098,812 |
| **Total** | **431,575,470** | **365,353,854** | **316,123,470** | **365,353,854** |

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

## 17. Other income (The Group and Company)

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Warehousing service fee | 5,215,620 | 5,645,110 |

The Company has a Warehousing Service Agreement with a supplier to provide warehousing and other ancillary services.

# Medical Disposables & Supplies Limited
## Notes to the Financial Statements
Year ended March 31, 2021

### 18. Expenses by nature (The Group and Company)

Total direct, administrative and other operating expenses:

| | 2021 $ | 2020 $ |
|---|---|---|
| Cost of inventories recognised as expense | 1,823,914,361 | 1,922,211,921 |
| **Administrative and other expenses** | | |
| Directors' remuneration | 23,441,595 | 25,568,595 |
| Directors' fees | 2,407,500 | 1,945,000 |
| Salaries, wages and related expenses (Note 19) | 86,771,001 | 76,345,738 |
| Medical and other staff benefits (Note 19) | 10,384,202 | 12,296,133 |
| Insurance | 14,378,611 | 16,447,601 |
| Legal and professional fees | 25,734,932 | 16,370,678 |
| Motor vehicle expenses | 4,557,641 | 6,531,275 |
| Auditors' remuneration | 2,500,000 | 2,836,775 |
| Utilities | 25,355,255 | 17,608,609 |
| Printing and stationery | 7,197,523 | 7,249,391 |
| Donations | 8,443,332 | 5,395,337 |
| Security | 6,908,352 | 8,216,619 |
| Bank charges | 9,874,850 | 10,379,619 |
| Other administrative expenses | 26,870,260 | 37,049,374 |
| | **254,825,054** | **244,240,744** |
| **Selling and promotional costs** | | |
| Salaries, wages and related expenses (Note 19) | 87,403,182 | 76,697,372 |
| Travel and accommodation | 1,199,420 | 3,195,503 |
| Postage and courier service | 43,156,124 | 30,922,287 |
| Advertising and promotion | 28,321,033 | 16,810,406 |
| Commission | 65,264,400 | 57,025,805 |
| | **225,344,159** | **184,651,373** |
| **Depreciation and amortisation** | | |
| Depreciation | 26,475,703 | 27,488,682 |
| Amortisation - intangible asset | 613,704 | 762,263 |
| - right of use asset | 1,404,117 | 1,092,091 |
| | **28,493,524** | **29,343,036** |

### 19. Employee benefits (The Group and Company)

| | 2021 $ | 2020 $ |
|---|---|---|
| Salaries, wages and related expenses | | |
| - Administrative and other expenses | 86,771,001 | 76,345,738 |
| - Selling and promotional costs | 87,403,182 | 76,697,372 |
| Medical and other staff benefits | 10,384,202 | 12,296,133 |
| **Total** | **184,558,385** | **165,339,243** |

The average number of employees at year-end was seventy-six (76), (2020 –seventy-one (71).

# Medical Disposables & Supplies Limited
# Notes to the Financial Statements
Year ended March 31, 2021

## 20. Finance income and finance cost (The Group and Company)

Finance income comprises:

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Interest income on financial assets measured at amortised cost | 484,818 | 2,848,993 |
| **Total** | **484,818** | **2,848,993** |

Finance cost comprises:

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Interest expense for borrowings measured at amortised cost | 69,930,883 | 47,839,810 |
| Interest expense on lease liabilities | 155,083 | 295,524 |
| **Total** | **70,085,966** | **48,135,334** |

## 21. Gain arising on business combination

Effective March 30, 2021 Cornwall Enterprises Limited (CEL), a subsidiary of Medical Disposables & Supplies Limited (MDS) acquired the assets and liabilities of Cornwall Medical and Dental Supplies Limited whose main activities were selling and distribution of medical and dental supplies and also operated registered pharmacies. In accordance with IFRS 3, Business Combination, the transaction was deemed to be a business combination as the assets acquired and liabilities assumed constitute a business. Cornwall Enterprises Limited was identified as the acquirer as prescribed by IFRS 3 qualifying factors. The acquisition date amounts of the identifiable assets acquired and liabilities assumed, measured at fair value was $348,034,000. The purchase consideration was $274, 989,000.

This resulted in a bargain purchase of $62,085,000. The resulting gain was recognised in profit or loss on acquisition date.

Details of the identifiable assets acquired, and liabilities assumed purchased consideration as follows:

Fair value of identifiable assets acquired and liabilities.

| | $ |
|---|---|
| Property, plant and equipment | 224,311,000 |
| Intangible assets | 32,879,000 |
| Inventories | 124,481,000 |
| Trade and other receivable | 71,861,000 |
| Trade and other payables | (105,498,000) |
| Fair value of identifiable assets acquired and liabilities assumed (before deferred tax) | 348,034,000 |
| Purchase consideration | (274,989,000) |
| | **73,045,000** |
| Deferred tax liability arising from business acquisition | (10,960,000) |
| | **62,085,000** |

In accordance with IAS 12 income taxes, the resulting deferred tax liability decreased the amount of bargain purchase gain recognised.

## 22. Income tax (The Group and Company)

The Company's shares were listed on the Junior Market of the Jamaica Stock Exchange on December 24, 2013. As a result, the Group 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 Group is in its seventh year since being listed on the Junior Market of the Jamaica Stock Exchange and is now subject to fifty percent (50%) tax remission up to December 24, 2023.

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

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Current tax expense | (6,036,480) | 5,337,063 |
| Deferred tax credit (Note 14) | (286,480) | (4,416,288) |
| **Total** | **(6,322,960)** | **920,775** |

ii Reconciliation of theoretical tax charge to effective tax charge:

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| **Profit before tax** | **13,851,743** | **35,477,459** |
| Tax at the applicable rate of 25% | 3,462,936 | 8,869,365 |
| Tax effect of expenses not deductible for tax purposes | 7,371,267 | 9,013,335 |
| Tax effect of income not subject to tax | (15,892,689) | (375,208) |
| Tax effect of allowable capital allowances and other charges | (7,300,954) | (11,279,654) |
| Remission of tax | 6,036,480 | (5,307,063) |
| **Income tax expense for the year** | **(6,322,960)** | **920,775** |

## 23. Earnings per share

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

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Net profit attributable to owners | 69,613,783 | 34,556,684 |
| Weighted average number of shares outstanding | 263,157,895 | 263,157,895 |
| **Basic earnings per share** | **0.26** | **0.13** |

## 24. Dividends

The Group did not declare a dividend for the year ended March 31, 2021. A dividend of $0.11 per share was declared in the prior year.

# Medical Disposables & Supplies Limited
# Notes to the Financial Statements
Year ended March 31, 2021

## 25. Segment reporting (The Group and Company)

Segment information by divisions are as follows:

| | Pharmaceutical $ | Medical $ | Consumer $ | Total $ |
|---|---|---|---|---|
| Revenue | 1,810,602,230 | 436,190,443 | 176,013,933 | 2,422,806,606 |
| Less: Cost of sales | (1,332,397,706) | (339,278,888) | (152,237,767) | (1,823,914,361) |
| **Gross profit** | **478,204,524** | **96,911,555** | **23,776,166** | **598,892,245** |

## 26. Related party balances and transactions (The Group and Company)

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

| | 2021 $ | 2020 $ |
|---|---|---|
| Included in trade and other receivables | 17,086,037 | 1,554,639 |
| Included in trade and other payables | 32,266,334 | 10,133,677 |

ii Transactions with key management personnel

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

| | 2021 $ | 2020 $ |
|---|---|---|
| Short-term employee benefits – | | |
| Salaries including bonuses | 23,441,595 | 24,568,595 |
| **Total** | **23,441,995** | **24,568,595** |

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

| | 2021 $ | 2020 $ |
|---|---|---|
| Sales | 42,059,131 | 13,164,263 |
| Purchases | 119,888,994 | 54,037,998 |
| Directors' fees | 2,407,500 | 1,945,000 |

## 27. Risk management policies

The Group'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 Group 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 Group 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 Group 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$) is maintained to minimise this risk.

Foreign currency denominated financial assets and liabilities which expose the Group 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**

| | 2021<br>US$ | 2020<br>US$ |
|---|---|---|
| Financial assets | | |
| - Cash and cash equivalents | 665,078 | 31,884 |
| | **665,078** | **31,884** |
| Financial liabilities | | |
| - Trade payables | (1,107,481) | (855,450) |
| | (1,107,481) | (855,450) |
| **Total net assets/liabilities** | **442,403** | **(823,566)** |

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$144.88 to US$1 (2021 – J$133.93 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 Group'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 Group.

## 27. Risk management policies (cont'd)

### a Market risk (cont'd)

i Currency risk (cont'd)

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

Effect on results of the operations:

If the JA Dollar weakens by 6% (2020 – 6%) against the US Dollar then this would have the effect of the amounts shown below on the basis that all other variables remain constant.

| | Rate<br>% | Weakens<br>$ |
|---|---|---|
| **2021** | 6 | (1,787,941) |
| **2020** | 6 | (4,412,006) |

If the JA Dollar strengthens against the US Dollar by 2% (2020 – 2%) this would have the following impact:

| | Rate<br>% | Strengthens<br>$ |
|---|---|---|
| **2021** | 2 | 893,970 |
| **2020** | 2 | 2,206,003 |

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

# Medical Disposables & Supplies Limited
# Notes to the Financial Statements
Year ended March 31, 2021

## 26. Risk management policies (cont'd)

### a Market risk (cont'd)

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 Group's financial instruments are substantially independent of changes in market prices as they are short-term in nature.

### b Credit risk

Credit risk is the risk that a counter party fails to discharge an obligation to the Group. The Group is exposed 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 institutions.

The Group continuously monitors the credit quality of its customers. The Group'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 Group does not require collateral or other credit enhancements in respect of its trade and other receivables.

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2021<br>$ | 2020 | 2021<br>$ | 2020<br>$ |
| Trade and other receivables | 457,389,463 | 529,404,611 | 385,528,463 | 529,404,611 |
| Cash and cash equivalents | 116,644,932 | 17,914,911 | 116,644,932 | 17,914,911 |
| **Total** | **574,034,395** | **547,319,522** | **502,173,395** | **547,319,522** |

**27. Risk management policies (cont'd)**

**b Credit risk (cont'd)**

**Trade receivables**

The Group applies the 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 Group 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 Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

## 27. Risk management policies (cont'd)

b Credit risk (cont'd)

On the above basis, the expected credit loss for the trade receivables as at March 31, 2021 and 2020 were determined as follows:

**March 31, 2021**

The Group and Company

| | Trade receivables days past due | | | | | | |
|---|---|---|---|---|---|---|---|
| | Current | More than 30 days | More than 60 days | More than 90days | More than 180 | Over 365 days | Total |
| Expected credit loss rate | **0.19%** | **0.02%** | **0.7%** | **6.4%** | **28.84%** | **100** | |
| Gross carrying amount | 311,681,707 | 37,836,646 | 18,563,296 | 25,189,916 | 9,486,191 | 2,135,082 | 404,892,838 |
| Lifetime expected credit loss | **592,192** | **7,567** | **129,943** | **1,611,313** | **2,735,817** | **2,135,082** | **7,211,917** |

**March 31, 2020**

| | Trade receivables days past due | | | | | | |
|---|---|---|---|---|---|---|---|
| | Current | More than 30 days | More than 60 days | More than 90days | More than 180 | Over 365 days | Total |
| Expected credit loss rate | **0.5%** | **0.68%** | **3.93%** | **8.84%** | **13.48%** | **100%** | |
| Gross carrying amount | 302,978,898 | 90,162,414 | 28,007,144 | 24,918,916 | 11,435,091 | 2,792,204 | 460,294,667 |
| Lifetime expected credit loss | **1,514,809** | **613,104** | **1,100,680** | **2,202,832** | **1,541,977** | **2,792,204** | **9,765,606** |

## 27. Risk management policies (cont'd)

### b Credit risk (cont'd)

**Trade receivables (cont'd)**

The closing balance of the trade and other receivables as at March 31, 2021 reconciles with the trade receivables loss allowance opening balance as follows:

| | 2021 $ | 2020 $ |
|---|---|---|
| Opening loss allowance at April 1, 2020 | 9,765,606 | 12,206,445 |
| Receivables written-off during the year | (3,553,689) | (9,428,400) |
| Receivables recovered the during the year | - | (606,708) |
| Loss allowance recognised during the year | 1,000,000 | 7,594,269 |
| | **7,211,917** | **9,765,606** |

### c Liquidity risk

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

The Group 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 Group maintains cash and short-term deposits for up to three months or less to meet its liquidity requirements.

As at March 31, 2021, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

**The Group**

| | Current Within 12 Months $ | Non-current 2 to 5 Years $ |
|---|---|---|
| Lease Liabilities | 660,520 | - |
| Borrowings | 385,860,703 | 140,367,887 |
| Bank overdraft | 144,996,589 | - |
| Trade and other payables | 431,575,474 | - |
| **Total** | **963,093,286** | **140,367,887** |

**The Company**

| | Current Within 12 Months $ | Non-current 2 to 5 Years $ |
|---|---|---|
| Lease Liabilities | 660,520 | - |
| Borrowings | 385,860,703 | 140,367,887 |
| Bank overdraft | 144,996,589 | - |
| Trade and other payables | 326,077,470 | - |
| **Total** | **857,595,282** | **140,367,887** |

## 27. Risk management policies (cont'd)

### c Liquidity risk (cont'd)

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 Group's non-derivative financial liabilities in the previous reporting period as follows:

**The Group and Company**

| | Current Within 12 Months $ | Non-current 2 to 5 Years $ |
|---|---|---|
| Lease liability | 1,611,499 | 493,778 |
| Borrowings | 40,126,127 | 91,863,805 |
| Bank overdraft | 141,817,495 | - |
| Short-term borrowings | 259,750,000 | - |
| Trade and other payables | 365,353,854 | - |
| **Total** | **808,658,975** | **92,357,583** |

## 28. Fair value measurement

i The Group's financial assets and liabilities are measured at amortised costs, and the fair values for these are disclosed at Note 28(ii).

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, 2021.

| **March 31, 2021** | **Level 1 $** | **Level 2 $** | **Level 3 $** | **Total $** |
|---|---|---|---|---|
| Property, plant and equipment | | | | |
| Land and buildings | - | - | 731,613,166 | 731,613,166 |
| **Total** | **-** | **-** | **731,613,166** | **731,613,166** |

| **March 31, 2020** | **Level 1 $** | **Level 2 $** | **Level 3 $** | **Total $** |
|---|---|---|---|---|
| Property, plant and equipment | | | | |
| Land and buildings | - | - | 538,307,971 | 538,307,971 |
| **Total** | **-** | **-** | **538,307,971** | **538,307,971** |

Land and buildings (Level 3).

Fair value of the Group'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.

### 28. Fair value measurement (cont'd)

ii Fair value of non-financial assets (cont'd)

The appraisal was carried out using a market approach that reflects observed prices for market transactions and incorporates adjustments for factors specific to the Group'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 February 25, 2020, February 27, 2020, and February 29, 2020, respectively.

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

| | 2021<br>$ |
|---|---|
| Balance at April 1, 2021 | 538,307,971 |
| Addition | 7,552,791 |
| Acquired on business acquisition | 195,909,000 |
| Depreciation | (10,156,596) |
| **Balance at March 31, 2021** | **535,704,166** |

### 29. Capital management, policies and procedures

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

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

### 30. Impact of Covid-19 Pandemic

In March 2020, the World Health Organisation declared the novel coronavirus (COVID-19) to be a Global Pandemic. Consequently, Jamaica's borders were closed, and movement of the people was controlled to minimise the spread of the disease. The Government implemented curfews and shuttered businesses. This resulted in reduced business activity and demand for goods and services, particularly the demand for non-essentials products. Fortunately for Medical Disposable and Supplies Limited, there was an increase in the demand for pharmaceuticals, especially medication for the treatment of lifestyle diseases such as hypertension and diabetes.

The first quarter was particularly harsh on business, but the Group started to realise a turn-around by the end of the second quarter. By end of the financial year, sales across the Group had normalised and, in some cases, outpaced previous performance. With the continued inoculation of the population, there is more optimism for a return to normalcy in the medium term.

Management continues to closely monitor the situation and adhere to the various government protocols and advice.

### 31. Subsequent event

The Company was approved for a loan of $121.5 million by National Commercial Bank Limited to assist with the acquisition of Cornwall Enterprises Limited (Note 21). The proceeds of the loan were received on April 4, 2021.

MEDICAL DISPOSABLES & SUPPLIES LIMITED

Taking Care...

# 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 virtually at 10:00 a.m. on the 05th day of October 2021 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

| RESOLUTIONS | FOR | AGAINST |
|---|---|---|
| Ordinary Resolution 1 | | |
| Ordinary Resolution 2 | | |
| Ordinary Resolution 3 | | |
| Ordinary Resolution 4 | | |
| Ordinary Resolution 5 | | |
| Ordinary Resolution 6 | | |

## NOTES:

*1. When completed, this Form of Proxy must be received by the Registrar of the Company, Jamaica Central Securities Depository, 40 Harbour Street, Kingston, Jamaica, W.I. not less than forty-eight (48) hours before the time for holding the meeting.*

*2. The Proxy Form should bear stamp duty of $100.00 which may be adhesive and duly cancelled by the persons signing the proxy form.*

*3. If the appointer is a Corporation, this Form of Proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.*

*Place stamp here*

Signed this ____________ day of ______________________________ 2021

Print Name: ______________________________ Signature: ______________________________

# Notes

RESILIENCE IS
WHEN YOU
ADDRESS
UNCERTAINTY
WITH
FLEXIBILITY

MEDICAL DISPOSABLES
& SUPPLIES LIMITED
Taking Care...