

Medical Disposables & Supplies Limited

Financial Statements

March 31, 2014



Contents

	Page
Independent auditors' report	1
Statement of financial position as at March 31, 2014	3
Statement of profit or loss and other comprehensive income for the year ended March 31, 2014	4
Statement of changes in equity for the year ended March 31, 2014	5
Statement of cash flows for the year ended March 31, 2014	6
Notes to the financial statements March 31, 2014	7

Independent auditors' report

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Jamaica, West Indies

To the Members of
Medical Disposables & Supplies Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Medical Disposables & Supplies Limited, which comprise the statement of financial position as at March 31, 2014 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Auditors' Responsibility (Cont'd)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Medical Disposables & Supplies Limited, as at March 31, 2014, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

Report on Other Legal and Regulatory Requirements

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 kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner required.

Kingston, Jamaica

May 29, 2014

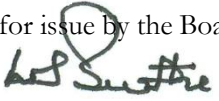
Mair Russell Grant Thornton
Chartered Accountants


Statement of financial position as at March 31, 2014

	Note	Year ended March 31, 2014 \$	Three months March 31, 2013 \$
Assets			
Non-current assets			
Property, plant and equipment	(5)	118,325,395	71,037,287
Intangible assets	(6)	1,955,706	2,601,350
		<u>120,281,101</u>	<u>73,638,637</u>
Current assets			
Inventories	(7)	199,307,409	165,123,684
Trade and other receivables	(8)	226,645,968	186,170,853
Prepayments		647,300	1,209,154
Cash and cash equivalents	(9)	85,607,677	24,755,322
		<u>512,208,354</u>	<u>377,259,013</u>
Total assets		<u>632,489,455</u>	<u>450,897,650</u>
Equity			
Capital and reserve			
Share capital	(10)	107,835,764	20,000
Revaluation reserve	(11)	59,613,267	22,906,968
Retained profits		184,970,834	128,906,853
Total equity		<u>352,419,865</u>	<u>151,833,821</u>
Liabilities			
Non-current liabilities			
Shareholders' loans	(12)	-	19,778,000
Owing to directors	(13)	-	28,142,104
Borrowings	(14)	43,352,008	28,615,590
Deferred tax liability	(15)	-	34,402
		<u>43,352,008</u>	<u>76,570,096</u>
Current liabilities			
Bank overdraft	(16)	33,068,184	55,606,779
Trade and other payables	(17)	151,870,765	123,916,310
Current portion of borrowings	(14)	30,340,000	21,834,632
Income tax payable		21,438,633	21,136,012
		<u>236,717,582</u>	<u>222,493,733</u>
Total liabilities		<u>280,069,590</u>	<u>299,063,829</u>
Total equity and liabilities		<u>632,489,455</u>	<u>450,897,650</u>

The notes on the accompanying pages 7 to 31 form an integral part of these financial statements.

Approved for issue by the Board of Directors on May 29, 2014 and signed on its behalf by:


 _____) Director
Winston Boothe


 _____) Director
Kurt Boothe

Statement of profit or loss and other comprehensive income for the year ended March 31, 2014

	Note	Year Ended March 31, 2014 \$	Three months Ended March 31, 2013 \$
Revenue	(4c)	912,972,019	218,587,417
Cost of sales		(676,097,162)	(164,207,519)
Gross profit		236,874,857	54,379,898
Administrative expenses		(106,730,927)	(20,212,501)
Selling and promotional costs		(28,266,591)	(8,736,004)
Other operating expenses		(4,844,348)	(63,344)
Depreciation		(5,012,416)	(1,168,562)
Operating profit		92,020,575	24,199,487
Finance income	(18)	1,971,610	23,601
Gain on foreign exchange		-	41,653
Finance cost	(18)	(18,663,185)	(4,385,229)
Loss on foreign exchange		(5,050,938)	-
Profit before tax	(19)	70,278,062	19,879,512
Income tax expense	(20)	(13,734,081)	(5,259,987)
Profit for the year/period		56,543,981	14,619,525
Other comprehensive income: Items that will not be reclassified to profit or loss:			
Revaluation of Building		36,706,299	-
Other comprehensive income for the year		36,706,299	-
Total comprehensive income for the year		93,250,280	14,619,525
Basic and Diluted Earnings Per Share	(21)	0.51	0.07

The notes on the accompanying pages 7 to 31 form an integral part of these financial statements.

Statement of changes in equity for the year ended March 31, 2014

	Share Capital \$	Revaluation Reserve \$	Retained Profits \$	Total \$
Balance at December 31, 2012	20,000	22,906,968	114,287,328	137,214,296
Changes in equity 2013				
Profit for the year 2013 being total comprehensive income	-	-	14,619,525	14,619,525
Balance at March 31, 2013	20,000	22,906,968	128,906,853	151,833,821
Changes in equity 2014				
Issue of shares	107,335,764	-	-	107,335,764
Transfer	480,000	-	(480,000)	-
Transactions with owners	107,835,764	22,906,968	128,426,853	259,169,585
Profit for the year 2014	-		56,543,981	56,543,981
Other comprehensive income	-	36,706,299	-	36,706,299
Total comprehensive income for the year	-	36,706,299	56,543,981	93,250,280
Balance at March 31, 2014	107,835,764	59,613,267	184,970,834	352,419,865

The notes on the accompanying pages 7 to 31 form an integral part of these financial statements.

Statement of cash flows for the year ended March 31, 2014

	Note	Year Ended March 31, 2014 \$	Three months Ended March 31, 2013 \$
Cash flows from operating activities:			
Profit before tax		70,278,062	19,879,512
Adjustments for:			
Depreciation and amortisation	(5&6)	5,012,416	1,168,562
Interest expense	(18)	18,663,185	4,385,229
Interest income	(18)	(1,971,610)	(23,601)
Loss on foreign exchange – shareholders' loans		3,166,320	1,264,000
		<u>95,148,373</u>	<u>26,673,702</u>
Increase in inventories		(34,183,725)	(10,081,742)
Increase in trade and other receivables		(40,475,115)	(24,245,544)
Decrease in prepayments		561,854	641,324
Decrease in owing to directors		(28,142,104)	-
Increase/(decrease) in trade and other payables		<u>27,954,455</u>	<u>(5,167,717)</u>
Cash provided by/(used in) operations		20,863,738	(12,179,977)
Income taxes paid		(12,978,123)	(3,100,000)
Interest paid		(18,663,185)	(4,010,229)
Net cash used in operating activities		(10,777,570)	(19,290,206)
Cash flows from investing activities:			
Additions to property, plant and equipment	(5)	(14,843,651)	(118,170)
Addition to intangible assets	(6)	(104,931)	-
Interest received (net of withholding tax)		1,483,872	22,704
Net cash used in investing activities		(13,464,710)	(95,466)
Cash flows from financing activities:			
Proceeds from borrowings		90,000,000	20,000,000
Repayment of shareholders' loans		(22,944,320)	-
Issue of shares		107,335,764	-
Repayment of borrowings		(66,758,214)	(10,410,058)
Increase in advances from directors		-	12,559,084
Net cash provided by financing activities		107,633,230	22,149,026
Net increase in cash and cash equivalents		83,390,950	2,763,354
Cash and cash equivalents at beginning of year/period		(30,851,457)	(33,614,811)
Cash and cash equivalents at end of year/period	(9)	52,539,493	(30,851,457)

The notes on the accompanying pages 7 to 31 form an integral part of these financial statements.

Notes to the financial statements

March 31, 2014

1. Identification and activities

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

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

The company is domiciled in Jamaica with registered offices located at Shop # 26, The Domes, 85 Hagley Park Road, Kingston 10, Jamaica.

The main activity during the year was the sale of medical supplies.

The company applied and received permission from Tax Administration Jamaica to change their year end from December 31, to March 31.

2. Basis of preparation

(i) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and have been prepared under the historical cost convention, except for certain non-financial assets measured at fair value.

(ii) Use of estimates and judgements

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

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

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

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

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

(ii) Taxation

The company is required to estimate income tax payable to Tax Administration Jamaica on any profit derived from operations (Note 20). This requires an estimation of the current tax liability together with an assessment of the temporary differences which arise as a consequence of different accounting and tax treatments. These temporary differences result in deferred tax assets or liabilities which are included in the statement of financial position. Deferred tax assets and liabilities are measured using the enacted tax rate at the date of that statement of financial position.

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

3. Changes in accounting policies

i Standards, amendments and interpretations effective during the current period

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

Certain new and revised standards, interpretations and amendments to existing standards have been published and became effective during the current financial year. The company has adopted all new and revised standards, interpretations and amendments effective during the year, which are immediately relevant to its operations.

IFRS 13 Fair Value Measurement

IFRS 13, 'Fair value measurement' (effective for annual periods beginning on or after 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The standard applies to both financial instrument items and non-financial instrument items for which other IFRS require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures have been extended by IFRS 13 to cover all assets and liabilities within its scope.

Amendments to IAS 1 Presentation of Financial Statements

IAS 1, 'Presentation of financial statements' (effective for annual periods beginning on or after 1 July 2013). The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in other comprehensive income such that items of other comprehensive income (OCI) are grouped into two categories: (a) items that will not be reclassified subsequently to surplus or deficit; and (b) items that will be reclassified subsequently to surplus or deficit when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments do not address which items are presented in Other Comprehensive Income.

The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

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

Management has assessed the relevance of the new standards, amendments and interpretations to existing standards which became effective during the current financial year. Based on the company's operations, management has determined that those standards, amendments and interpretations do not impact its financial statements.

These are:

<u>Title</u>	<u>Particulars of Amendments</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IFRS 7	Amendments Related to offsetting of Assets and Liabilities	January 1, 2013
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 11	Joint Arrangements	January 1, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13	Fair Value Measurement	January 1, 2013
IAS 19	Employee Benefits	January 1, 2013
IAS 27	Separate Financial Statements Amendments for Investments Entities	January 1, 2013
IAS 28	Amendments related to Investments in Associates and Joint Ventures	January 1, 2013

ii Standards, amendments and interpretations issued but not yet effective

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

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

IFRS 9 Financial Instruments

The IASB aims to replace IAS 39 Financial Instruments: Recognition and Measurement (IAS 39) in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning January 1, 2015. Chapters dealing with impairment methodology and hedge accounting are still being developed. Further in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address application issues. The company's management has yet to assess the impact of this new standard on the company's financial statements. However, management does not expect to implement IFRS 9 until all of its chapters have been published and they can comprehensively assess the impact of all changes.

Annual Improvements 2009 – 2011 (the Annual Improvements)

The Annual Improvements 2009 – 2011 (the Annual Improvements) made several minor amendments to a number of IFRSs. The Annual Improvements are effective for annual periods beginning on or after January 1, 2013. Management does not anticipate a material impact on the company's financial statements from these Amendments.

Certain other new standards, amendments and interpretations to existing standards have been issued but are not expected to have a material impact on the company's financial statements when they become effective. The standards, amendments and interpretations to existing standards and accounting periods beginning on or after they become effective are as follows:

<u>Title</u>	<u>Full title of Standard or Interpretation</u>	<u>Effective for annual periods beginning on or after</u>
IFRS1	Exemption from the requirements to restate comparative information for IFRS 9	January 1, 2015
IFRS 9	Financial Instruments Classification and Measurement	January 1, 2015
IFRS 10	Consolidated Financial Statements (Amendment)	January 1, 2014
IFRS 12	Disclosure of Interests in Other Entities (Amendment)	January 1, 2014
IAS 27	Separate Financial Statements (Amendment)	January 1, 2014
IAS 32	Financial Instruments Presentation - Amendments Relating to offsetting of Assets and Liabilities	January 1, 2014
IAS 36	Impairments of Assets Amendments Arising from Recoverable Amounts Disclosures For none Financial Assets	January 1, 2014
IAS 39	Financial Instruments: Recognition and Measurements Amendments for Novations of Derivatives	January 1, 2014

4. Summary of significant accounting policies

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a Property, plant and equipment

(i) Carrying value

Land and buildings are recognised at fair value based on their use at the date of valuation less any subsequent impairment losses. Fair value is determined in valuations carried out by external professional valuers once every (5) years, unless market-based factors indicate a risk of impairment.

Any surplus arising on revaluation of land and buildings is recognised in other comprehensive income and accumulated in equity under revaluation reserve, unless the carrying amounts of those assets had previously suffered a revaluation decrease or impairment loss which was recognised in profit or loss. To the extent that any decrease had previously been recognised in profit or loss, a revaluation increase reversing the decrease is recognised in profit or loss with the remaining part of the increase recognised in other comprehensive income and accumulated in equity under revaluation reserve.

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.

- (ii) 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 useful lives approximate to ten (10) years for furniture, fixtures and equipment, five (5) years for computers and motor vehicles, and forty (40) years for buildings.

- (iii) Repairs and renewal

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

b Inventories

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

c Revenue recognition

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

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

d 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.

e Cash and cash equivalents

The above represents current and savings account balances and short-term deposits with maturity dates of three (3) months or less, held with financial institutions, and cash on hand maintained by the company net of bank overdraft.

f 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 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.

g Financial instruments

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

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

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

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

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

Financial assets

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

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

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

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

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

Loans and receivables

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

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

Financial assets at fair value through profit or loss

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

Held-to-maturity investments

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

Available-for-sale financial assets

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

Financial liabilities

The company's financial liabilities include shareholders' loans, interest-bearing borrowings and trade and other payables.

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

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

h Owing to directors

Amounts owing to directors are carried at amortised cost.

i Borrowings

Borrowings comprise interest-bearing borrowings and trade and other payables and are classified as financial liabilities measured at amortised cost. They are recognised initially at fair value, being their issued proceeds net of transaction costs incurred. Subsequently, borrowings are measured at amortised cost and any difference between net proceeds and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Interest charges are recognised in the profit or loss in the period in which they occur.

j Impairment

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

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

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

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

k Intangible asset – computer software

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

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

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

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

i Equity

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.

m Leases

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

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

5. Property, plant and equipment comprise:

The carrying amounts for property, plant and equipment for the period included in these financial statements as at March 31, 2014 can be analysed as follows:

	Land and buildings \$	Leasehold Improvement \$	Furniture Fixtures and Equipment \$	Computers \$	Motor Vehicles \$	Total \$
Gross carrying amount						
Balance at April 1, 2013	66,779,324	2,164,756	11,792,153	3,173,205	8,876,826	92,786,264
Additions	-	-	4,253,317	418,492	10,171,842	14,843,651
Increase in valuation	29,720,676	-	-	-	-	29,720,676
Balance at March 31, 2014	96,500,000	2,164,756	16,045,470	3,591,697	19,048,668	137,350,591
Depreciation						
Balance at April 1, 2013	(5,755,494)	(284,015)	(5,642,872)	(2,455,305)	(7,611,291)	(21,748,977)
Depreciation	(1,230,128)	(98,883)	(1,258,937)	(659,969)	(1,013,924)	(4,261,841)
Eliminated on revaluation	6,985,622	-	-	-	-	6,985,622
Balance at March 31, 2014	-	(382,898)	(6,901,809)	(3,115,274)	(8,625,215)	(19,025,196)
Carrying amount at March 31, 2014	96,500,000	1,781,858	9,143,661	476,423	10,423,453	118,325,395

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

	Land and buildings \$	Leasehold Improvement \$	Furniture Fixtures and Equipment \$	Computers \$	Motor Vehicles \$	Total \$
Gross carrying amount						
Balance at January 1, 2013	66,779,324	2,164,756	11,673,983	3,482,417	8,876,826	92,977,306
Additions	-	-	118,170	-	-	118,170
Transfer	-	-	-	(309,212)	-	(309,212)
Balance at March 31, 2013	66,779,324	2,164,756	11,792,153	3,173,205	8,876,826	92,786,264
Depreciation						
Balance at January 1, 2013	(5,491,562)	(215,696)	(5,349,051)	(2,296,645)	(7,415,105)	(20,768,059)
Depreciation	(263,932)	(68,319)	(293,821)	(158,660)	(196,186)	(980,918)
Balance at March 31, 2013	(5,755,494)	(284,015)	(5,642,872)	(2,455,305)	(7,611,291)	(21,748,977)
Carrying amount at March 31, 2013	61,023,830	1,880,741	6,149,281	717,900	1,265,535	71,037,287

- i Land and buildings were revalued by independent valuers, David Thwaites and Associates, Chartered Valuation Surveyors, on May 21, 2014. Management is of the opinion that these values existed at year-end.
- The resulting surplus of \$36,706,299 has been credited to Revaluation Reserve, which is not available for distribution to the shareholders of the company. (Note 11).
- ii Under the cost model, the carrying amount of revalued land and buildings at reporting date would be \$32,963,291 (2013 - \$34,643,775).

6. Intangible asset – computer software

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

	Acquired Software \$	Total \$
Gross carrying amount		
Balance at April 1, 2013	3,752,876	3,752,876
Addition	104,931	104,931
Balance at March 31, 2014	3,857,807	3,857,807
Amortisation		
Balance at April 1, 2013	(1,151,526)	(1,151,526)
Amortisation	(750,575)	(750,575)
Balance at March 31, 2014	(1,902,101)	(1,902,101)
Carrying amount at March 31, 2014	1,955,706	1,955,706

	Acquired Software \$	Total \$
Gross carrying amount		
Balance at January 1, 2013	3,443,664	3,443,664
Additions	309,212	309,212
Balance at March 31, 2013	3,752,876	3,752,876
Amortisation Depreciation		
Balance at January 1, 2013	(963,882)	(963,882)
Amortisation	(187,644)	(187,644)
Balance at March 31, 2013	(1,151,526)	(1,151,526)
Carrying amount at March 31, 2013	2,601,350	2,601,350

7. Inventories

	Year Ended March 31, 2014 \$	Three Months Ended March 31, 2013 \$
Consumables	10,382,850	7,632,482
Pharmaceuticals	96,727,629	134,375,655
Medical supplies	23,725,443	23,115,547
Goods in transit	68,471,487	-
Total	199,307,409	165,123,684

The cost of inventories recognised as an expense during the year was \$676,097,162 (2013 - \$164,207,519). This includes \$1,543,765 (2013 - \$552,176) in respect of damages and write-downs to net realisable value.

8. Trade and other receivables

	Year Ended March 31, 2014 \$	Three Months Ended March 31, 2013 \$
Trade	210,500,818	165,584,815
Less: Specific provision for doubtful debts	(6,589,710)	(3,385,115)
	203,911,108	162,199,700
Other	22,734,860	23,971,153
Total	226,645,968	186,170,853

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

Bad debt specific provision is as follows:

	Year Ended March 31, 2014 \$	Three Months Ended March 31, 2013 \$
Balance at beginning of year	3,385,114	3,075,514
Receivables recovered during the year	(64,865)	-
Increase in provision during the year	5,129,015	309,600
Receivables written off during the year	(1,859,554)	-
Balance at end of year	6,589,710	3,385,114

9. Cash and cash equivalents

	Interest rate	Year Ended March 31, 2014 \$	Three Months Ended March 31, 2013 \$
	% p.a.		
Cash and bank balances –			
J\$ Current accounts		8,930,956	16,822,606
Short-term deposits	4.2 – 3.95	72,052,329	272,865
US\$ Savings account (US\$41,539 (2013 – US\$77,331))	0.20 – 0.55	4,539,553	7,613,242
Sterling savings account (£326 - (2013 - £3))	0.20	58,839	20,609
Petty Cash		26,000	26,000
		85,607,677	24,755,322
Less: Bank overdraft (Note 16)		(33,068,184)	(55,606,779)
Total		52,539,493	(30,851,457)

Included in the cash and cash equivalents is \$5,710,693 (2013 - \$7,691,011) which represents balances held for a major supplier. (Note 17).

10. Share capital

	Year Ended March 31, 2014 \$	Three Months Ended March 31, 2013 \$
Authorised:		
408,000,000 ordinary shares (2013 - 20,000)		
Issued:		
263,157,895 ordinary shares (2013 - 20,000)		
Stated capital Issued and fully paid:		
Balance at beginning of the year/period	20,000	20,000
Transactions during year/period:		
Shares issued	116,058,948	-
Less: Transaction cost of share issue	8,243,184	-
	107,815,764	-
Balance at end of the year/period	107,835,764	20,000

Following a directors meeting on November 28, 2013 and a General Meeting of the company on November 28, 2013, the following steps were approved by written resolution with respect to the capital structure of the company:

- a. The increase in the authorised share capital of the company by 1 Million ordinary shares from 20,000 ordinary shares to 1,020,000 ordinary shares.
- b. The allotment of 480,000 bonus ordinary shares pro rata to the holdings of each of the shareholders of the company by capitalising the amount of \$480,000 standing to the credit of the company in reserves and the application of same to paying up such bonus shares in full at the time of their issue.
- c. The sub-division of each of the 1,020,000 shares into 400 shares each with no par value (in accordance with the Articles of Incorporation and the Act). Therefore, the company's authorised share capital increased from 1,020,000 ordinary shares to 408,000,000, and the issued ordinary shares increased from 500,000 to 200,000,000.
- d. The remaining 63,157,895 shares were offered to the general public and/or Reserve Share applicants in the invitation.
- e. The adoption of new Articles of Incorporation in a form suitable for a public company.
- f. The re-registration of the company as a public company under the provisions of the Jamaican Companies Act, 2004.

On December 24, 2014, the company issued 63,157,895 shares to the public and the shares were listed on the Junior Stock Market of the Jamaica Stock Exchange. (See Note 1).

11. Revaluation reserve

	Year Ended March 31, 2014 \$	Three Months Ended March 31, 2013 \$
Balance at beginning of year/period representing:		
Unrealised surplus arising from revaluation of certain fixed assets – Land	10,386,942	10,386,942
– Building	12,520,026	12,520,026
	22,906,968	22,906,968
Transactions during year/period:		
Increase in surplus arising from valuation of building	36,706,299	-
Balance at end of year/period	59,613,267	22,906,968

12. Shareholders' loans

These represented loans from shareholders, which were to be repaid on or before February 28, 2015. The loan was unsecured with interest payable by monthly instalments of US\$2,200 at the end of each month.

13. Owing to directors

This represented advances by directors, which were unsecured, with no fixed repayment terms.

14. Borrowings

	Year Ended March 31, 2014 \$	Three Months Ended March 31, 2013 \$
Loans –		
i Bank of Nova Scotia – Commercial mortgage	-	19,203,526
ii Bank of Nova Scotia – Non-revolving	906,688	1,246,696
iii Bank of Nova Scotia – Revolving	30,000,000	20,000,000
iv Other	42,785,320	10,000,000
	73,692,008	50,450,222
Less: Current portion	30,340,000	21,834,632
Total	43,352,008	28,615,590

- i This represented a loan of \$22 Million received on September 11, 2010 to be repaid in monthly instalments over a period of 10 years at a fixed interest rate of fifteen point seven five percent (15.75%) per annum for a period of thirty six (36) months (ending September 30, 2014). Thereafter, the bank's lending rate in effect from time to time, (presently 15.75% per annum) subject to revision at anytime.

The loan was fully repaid during the year.

- ii This represents a loan of \$1.7 Million received November 29, 2011 towards the purchase of a 2011 Nissan Urvan Panel Van to be repaid over a period of sixty (60) months. Interest is fixed at a rate of thirteen percent (13%) per annum for a period of twenty four (24) months which commenced November 29, 2011; thereafter the rate payable on the principal balance outstanding from time to time will be at the bank's base lending rate existing at the time.

- iii The loans received during the year bear interest at a rate of twelve percent (12%) per annum and mature within 120 days from the loan draw down date.
- iv This represents loans of J\$10,000,000 and J\$32,785,320 (US\$300,000) that are unsecured and bear interest at rates of fifteen percent (15%) and one percent (1%) per annum respectively. The loan amounting to J\$10,000,000 has no fixed repayment term, while the loan amounting to J\$32,785,320 matures on February 28, 2015.

The Bank of Nova Scotia loans and bank overdraft (Note 16) are secured by:

- Legal Mortgages stamped for an aggregate of \$61,000,000 over Commercial properties at units #25, 26 and 27, located at 85 Hagley Park Road, Kingston 10 registered at volume 1327 Folio 620, Volume 1327 Folio 621 and Volume 1312 Folio 165 respectively, having an aggregate appraised value of \$65,628,000.
- All Risk Peril Insurance policy totalling \$222,378,000 including buildings and machinery, equipment and inventory which are located at unit 25, 26, and 27 to expire May 7, 2014.
- Bill of sale over 2011 Nissan Urvan Panel Van stamped to cover \$1,700,000.
- Comprehensive insurance over 2011 Nissan Urvan Panel Van in the amount of \$2,739,400 endorsed in favour of the bank.
- Postponement Agreement postponing loans to borrower totalling \$15 million in favour of the bank duly signed by the directors.
- Director guarantee limited to \$27,000,000 supported by legal mortgage stamped to cover J\$70,000,000 over the following residential properties:
 - a. First and Second Legal Mortgages over residential property registered at Volume 1232 and Folio 741.
 - b. Second Legal Mortgage over residential property at Volume 1232, Folio 741.
 - c. Second Legal Mortgage over residential property registered at Volume 1128, Folio 115.
 - d. Third Legal Mortgage over residential property registered at Volume 1228, Folio 115.
 - e. Third and fourth Legal Mortgage over residential property registered at Volume 1129.
 - f. Assignment of Fire and Peril Insurance policies totalling \$32,000,000 on the above residential premises to expire August 9, 2014.
- Joint and several guarantees of directors limited to \$59,000,000.

15. Deferred tax liability

Deferred tax is calculated on all temporary differences under the liability method using a tax rate of 25% (2013 - 25%). The movement on the deferred tax account is as follows:

	Year Ended March 31, 2014 \$	Three Months Ended March 31, 2013 \$
Balance at beginning of year/period	34,402	280,861
Income during the year (Note 20 (i))	(34,402)	(246,459)
Balance at end of year/period	-	34,402

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

	Year Ended March 31, 2014 \$	Three Months Ended March 31, 2013 \$
Deferred tax liability on:		
Property, plant and equipment	-	34,402
Deferred tax liability	-	34,402

16. Bank overdraft

The company has an overdraft facility of \$50,000,000 which bears interest of fifteen point seven five percent (15.75%). This is secured by guarantee of the Directors.

17. Trade and other payables

	Year Ended March 31, 2014 \$	Three Months Ended March 31, 2013 \$
Trade	131,421,427	92,177,443
Accruals	2,232,358	15,356,899
Interest accrued	375,000	375,000
Other	17,841,980	16,006,968
Total	151,870,765	123,916,310

Included in other payables is \$5,710,693 (2013 - \$7,691,011) which represents balances held for a major supplier. (Note 9).

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

18. Finance income and finance cost

Finance income comprises:

	Year Ended March 31, 2014 \$	Three Months Ended March 31, 2013 \$
Interest income on financial assets at amortised cost	1,971,610	23,601
Total	1,971,610	23,601

Medical Disposables & Supplies Limited

Finance cost comprises:

	Year Ended March 31, 2014 \$	Three Months Ended March 31, 2013 \$
Interest expense for borrowings at amortised cost	18,663,185	4,385,229
Total	18,663,185	4,385,229

19. Profit before tax

Profit before tax is stated after charging/(crediting):

	Year Ended March 31, 2014 \$	Three Months Ended March 31, 2013 \$
Directors' emoluments - Management remuneration	15,589,617	2,898,962
Depreciation and amortisation	5,012,416	1,168,562
Auditors' remuneration - current	1,570,888	295,000
- prior	-	5,000
Interest income	(1,971,610)	(23,601)
Interest expense	18,663,185	4,385,229
Loss/(gain) on foreign exchange (net)	5,050,938	(41,653)

20. Income tax

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

Years 1 to 5 100%

Years 6 to 10 50%

The financial statements have been prepared on the basis that the company will have the full benefit of the tax remissions.

- i Income tax adjusted for tax purposes and computed at the tax rate of 25% (2013- 25%), comprise:

	Year Ended March 31, 2014 \$	Three Months Ended March 31, 2013 \$
Current tax	14,268,086	5,506,446
Prior year adjustment	(499,603)	-
Deferred tax income (Note 15)	(34,402)	(246,459)
Total	13,734,081	5,259,987

Prior year adjustment represents write back of taxation over provided in prior years.

Current tax represents tax charge on pre-listing profit for the nine-month (9) period ended December 31, 2013.

ii Reconciliation of theoretical tax charge to effective tax charge:

	Year Ended March 31, 2014 \$	Three Months Ended March 31, 2013 \$
Profit before tax	70,278,062	19,879,512
Tax at the applicable tax rate of 25% - (2013 - 25%)	17,569,516	4,969,878
Tax effect of expenses not deductible for tax Purposes	1,342,999	734,031
Tax effect of income not subject to tax	(4,392,379)	-
Tax effect of allowable capital allowances	(1,246,192)	(789,851)
Tax effect of other allowances and charges	959,740	(345,929)
Prior year adjustment	(499,603)	-
Income tax for the year/period	13,734,081	5,259,987

21. Earnings per share

Earnings per share are calculated by dividing profit for the year by the weighted average number of ordinary shares in issue for the year of 263,157,895 (2013 – 200,000,000).

22. Operating lease

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

	Within One Year \$	Two to Five Years \$	Total \$
Lease payments	2,950,200	1,222,100	4,172,300
Total	2,950,200	1,222,100	4,172,300

Lease expense during the year was \$2,029,100 (2013 - \$468,000), representing minimum lease payments.

23. Related party balances and transactions

i A party is related to the company if:

- a Directly, or indirectly through one or more intermediaries, the party:
 - Is controlled by, or is under common control with the entity;
 - Has an interest in the company that gives it significant influence over the entity;
 - or
 - Has joint control over the company.
- b The party is an associate;
- c The party is a joint venture in which the company is a venturer;
- d The party is a member of the key management personnel of the entity or its parent;
- e The party is a close member of the family of any individual referred to in (a) or (d);
- f The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

Medical Disposables & Supplies Limited

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

ii The statement of financial position includes balances arising with related parties as follows:

	Year Ended March 31, 2014 \$	Three Months Ended March 31, 2013 \$
Shareholders' loans	-	19,778,000
Owing to Directors	-	28,142,104

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

	Year Ended March 31, 2014 \$	Three Months Ended March 31, 2013 \$
Included in trade and other receivables	2,223,113	-

iv Transactions with key management personnel

Transaction with key management includes members of the board and an executive member.

	Year Ended March 31, 2014 \$	Three Months Ended March 31, 2013 \$
Short-term employee benefits – Salaries	15,589,617	2,898,962
Total	15,589,617	2,898,962

24. Expenses by nature

Total administrative and other operating expenses:

	Year Ended March 31, 2014 \$	Three Months Ended March 31, 2013 \$
Directors' emoluments	15,589,617	2,898,962
Cost of inventories recognised as expense	676,097,162	164,207,519
Advertising and promotion	3,214,428	272,317
Auditors' remuneration – current year	1,570,888	295,000
– prior year	-	5,000
Legal and professional fees	6,181,994	1,527,462
Depreciation and amortisation	5,012,416	1,168,562
Employee benefits (Note 25)	45,687,793	9,306,109
Office rent	2,029,100	468,000
Insurance	3,442,344	652,298
Utilities	7,368,128	1,440,071
Delivery charges	6,010,323	476,208
Other expenses	67,410,436	16,055,651
Total	839,614,629	198,773,159

25. Employee benefits

	Year Ended March 31, 2014 \$	Three Months Ended March 31, 2013 \$
Salaries, wages and related expenses	40,055,309	8,278,167
Medical and other staff benefits	5,632,484	1,027,942
Total	45,687,793	9,306,109

The average number of employees at year-end was forty-two (42), (2013 – forty-one (41)).

26. Risk management policies

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

a Market risk

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

i Currency risk

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

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

Foreign currency denominated financial assets and liabilities which expose the 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

	2014 US\$ J\$	2013 US\$ J\$	2013 GBP£ J\$
Financial asset			
Trade and other receivables	-	2,188,337	-
- Cash and cash equivalents	4,539,382	7,647,263	23,854,765
	4,539,382	9,835,600	23,854,765
Financial liability			
- Shareholders loan	-	(19,778,000)	-
- Trade payables	(62,297,140)	(28,140,534)	(167,824,141)
- Borrowings	(32,784,000)	-	-
	(95,081,140)	(47,918,534)	(167,824,141)
Total liability	(90,541,758)	(38,082,934)	(143,969,376)

The above assets/(liabilities) are receivable/payable in United States dollars (US\$) and Great Britain pounds (£). The exchange rates applicable at the end of the reporting period is J\$109.28 to US\$1 (2013 – J\$98.89 to US\$1 and J\$134.44 to £1).

Foreign currency sensitivity

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

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

Effect on results of operations:

If the JA Dollar weakens by 15% (2013 – 10%) against the US Dollar then this would have the effect of the amounts shown below on the basis that all other variables remain constant.

	Rate %	Weakens \$
2014	15	(9,024,176)
2013	10	(3,808,293)

If the JA Dollar strengthens against the US Dollar by 1% (2013 – 5%) this would have the following impact:

	Rate %	Strengthens \$
2014	1	905,418
2013	5	380,830

ii Interest rate risk

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

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

Interest rate sensitivity

Interest rates on the company's short-term deposits and borrowings are fixed up to the dates of maturity and interest earned from the company's interest-earning bank accounts is immaterial. As such there would be no material impact on the results of the company's operations as a result of fluctuations in interest rates.

iii Other price risk

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

b Credit risk

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

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

	Year Ended March 31, 2014 \$	Three Month Ended March 31, 2013 \$
Trade and other receivables	226,645,968	186,170,853
Cash and cash equivalents	85,581,677	24,729,322
Total	312,227,645	210,900,175

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

	Year Ended March 31, 2014 \$	Three Months Ended March 31, 2013 \$
Not more than 3 months	129,584,281	86,673,663
More than 3 months but not more than 6 months	35,643,048	11,681,011
More than 6 months but not more than 1 year	11,618,693	5,910,567
More than 1 year	33,654,796	2,507,466
Total	210,500,818	106,772,707

However, at statement of financial position date a maximum of \$600,000 per Commercial Bank is insured under the JDIS.

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

c Liquidity risk

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

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

The company's financial liabilities comprise borrowings and trade and other payables. These amounts are due as follows:

	Current Within 12 Months \$	Non current 2 to 5 Years \$	Later than 5 Years \$
Borrowings	30,340,000	33,352,008	10,000,000
Trade and other payables	151,870,765	-	-
Total	182,210,765	33,352,008	10,000,000

This compares to the maturity of the company's financial liabilities in the previous reporting period as follows:

	Current Within 12 Months \$	Non current 2 to 5 Years \$	Later than 5 Years \$
Shareholders' loans	-	19,778,000	-
Owing to directors	-	-	28,142,104
Borrowings	21,834,632	22,934,762	5,680,828
Trade and other payables	123,916,310	-	-
Total	145,750,942	42,712,762	33,822,932

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.

27. Fair value measurement of non-financial assets

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

Land and buildings (Level 1)

The appraisal was carried out using a market approach that reflects observed prices for market transactions and incorporates adjustments for factors specific to the company's property, including size, location, encumbrances and current use of the property.

28. Summary of financial assets and liabilities by category

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

	Year Ended March 31, 2014 \$	Three Months Ended March 31, 2013 \$
Financial assets		
Financial assets measured at amortised cost		
Loans and receivables		
Trade and other receivables	226,645,968	186,170,853
Cash and cash equivalents	85,607,677	24,755,322
Total	312,253,645	210,926,175
Financial liabilities		
Financial liabilities measured at amortised cost		
Non-current liabilities		
Shareholders' loans	-	19,778,000
Owing to directors	-	28,142,104
Borrowings	43,352,008	28,615,590
Current liabilities		
Bank overdraft	33,068,184	55,606,779
Trade and other payables	151,870,765	123,916,310
Current portion of loans	30,340,000	21,834,632
Total	258,630,957	277,893,415

29. Capital management, policies and procedures

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

The company maintains a minimum tangible net worth of \$50Million, which is in line with the covenant included in the terms of the agreement for its borrowings. There are no other externally imposed capital requirements.

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



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