LASCO DISTRIBUTORS LIMITED

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REPORT TO THE SHAREHOLDERS

With the completion of the fourth quarter the Board of Directors reports the financial year results ending March 31, 2013 for LASCO Distributors Limited. The annual revenue for the company grew to $8,255.4B, an increase of $794.9M or 10.7% compared to last year. Gross profit was $1,641.3M an increased over the previous year by $63.9M. Gross profit margin was 19.9% a reduction from 21.1%; this reduction was due to a one off adjustment to cost of sales related to import duties, absorption in increased volumes for institutional sales at lower margins, and the continued impact of the volatility of the exchange rate.

During the last financial year there were unavoidable disruptions in the supply chain for key products which impacted on revenue and profit performance. Whilst the company makes efforts to improve efficiencies there were also investments for future growth. Administrative & Other Expenses was $871.2M compared to $757.7M an increase of 15.0% over last year. This was due to organisational changes in staff resources to strengthen the company's market presence and preparation for impending new projects. The total Administrative, Other Expenses, Selling and Promotional Expenses to sales ratio was 14.1% compared to13.7% last year. The net effect of the above was $43.5M or 7.9% decrease in net profits.

Inventories was $535.0M over the corresponding period as at March 31, 2012, this increase was primarily due to inventory carried for important institutions and planned major promotional activities for key products which extends beyond the reported period. For trade and other receivables there was an increase of $315.2M due to the increased marketing activity and extended credit arrangements for key institutions. The trade receivables continue to be managed within industry standards and extended terms for supplies to key accounts is achieved in collaboration with our suppliers. Current liabilities also increase as Trade and other payables was $267.3M over the corresponding period and this is due to the continued supply agreement with our strategic partners.

The company has had success in its marketing activities as it has seen growth in some core categories and deeper penetration in targeted distribution channels. The widening of appeal and stronger brand presence is the platform for newly launched products and other planned projects with our partners. The company will continue to deploy strategies for future growth and is committed to providing quality service to our customers and most importantly satisfying the needs of consumers with products of superior value and quality.

We wish to thank our consumers, customers, employees, shareholders, suppliers and other stakeholders for their continued support.

Peter M. Chin
Managing Director