



LASCO Distributors Limited

Report to Our Shareholders

The Board of Directors of LASCO Distributors Limited is pleased to present the audited financial results for the year ended 31 March, 2016.

The Company earned a net profit of **\$716.8M** which represents an increase of **31%** or **\$170.0M** over the previous year. Revenues increased to **\$14.5B**, a growth of **31.0%** or **\$3.4B** over prior year. Gross profit margin of **\$2.7B** increased by 33% over prior year, and was propelled by our strategic drive to increase market share in key product categories. Total comprehensive income was **\$740.7M** compared to **\$579.5M** last year, representing an increase of \$161.2m or 27.8%. The earnings per stock unit factoring in the employee share option plan was 21.23¢ compared to 16.20¢ in the prior year. Total operating expenses of \$1.9B increased by 30.0% or \$452.9M over prior year. This increase was primarily due to the increased staff complement and other operational resources required to produce the above increases in our sales volumes. Operating expense to sales ratio was 13.6%, a slight improvement compared to last year at 13.7%.


At the end of the 2016 financial year, total assets amounted to \$6.5B compared to \$5.3B in the prior year, an increase of 22.0%. Property, plant and equipment of \$957.4M increased by 63% or \$368.9m over the previous year. The increase was mainly due to the warehouse expansion project, which represents assets under construction of \$498.0M. Current assets increased to \$5.5B from \$4.7B; Inventory of \$1.9B remained level with prior year, while Receivables of \$1.8B showed a marked improvement of \$238.5M or 11%, compared to the prior year. Cash and bank balances of \$1.5B increased by \$931.0M from prior year, driven mainly by income from operations and improved working capital management. A dividend distribution of 2.75¢ was paid to shareholders in November 2015, totalling \$92.8M.

This year, the Company completed a full year of operations distributing the Unilever brands, as well as marketing and sales of the iCool line of juices, water and flavoured-water products. It has indeed been another successful year of growth and increased market share for both our core product ranges and our newly launched ones. We are pleased to announce that the company was appointed by LASCO Manufacturing Limited as its exclusive distributor for all export markets. This appointment was made effective April 1st, 2016. We are excited at the tremendous opportunities for growth in the export business, and have begun expansion initiatives to grow the LASCO brand in current territories as well as expand into newer ones.

For the coming year, our focus will be on strengthening our operational capabilities, service delivery and continuing to aggressively push to increase volumes. The warehouse expansion project is targeted to be completed in the new financial year, and will further bolster our logistics handling capabilities. There will also be improvements in internal processes, operational efficiencies and upgrading of our technology platform.

In recognition of the role our Police officers play in nation building, in March of this year, there was a week of activities hosted for the top 12 finalists in the LASCO/JCF Police of the Year 2016 competition. The week included a Peace March, Youth Project, Luncheon and Courtesy Call on the Governor General (conceptualized by the 2015/2016 LASCO/JCF Police Officer of the Year Sgt Ava Lindo). Corporal Kimaryo Pinnock was announced the winner of the **LASCO /JCF 2016 Police of the year** award, at a ceremony held at the Jamaica Pegasus Hotel.

We thank our directors, management and staff for their commitment and hard work in completing another successful year. We are also thankful for the continued confidence and support we received from you our customers and shareholders.



.....

Peter M. Chin
MANAGING DIRECTOR

May 29th, 2016