



**LASCO  
DISTRIBUTORS  
LIMITED**

**CONSUMER  
DIVISION**

White Marl, P.O. Box 809  
Spanish Town, St. Catherine  
Jamaica WI.

Tel: (876) 749-5272  
749-2967-9  
Fax: (876) 749-2966  
749-3205

**PHARMACEUTICAL  
DIVISION**

27 Red Hills Road  
Kingston 10,  
Jamaica WI.

Tel: (876) 968-3456-65  
929-7633  
929-7631  
929-7621  
Fax: (876) 929-7622

E-mail:  
distributors@lascoja.com  
Website:  
www.lascojamaica.com

May 29<sup>th</sup>, 2017

**REPORT TO THE SHAREHOLDERS**

On completion of the financial year the company has achieved successes in several strategic objectives. There were positive market-share gains in a number of key product categories, new product launches, expansion in the export market, and significant infrastructural upgrades.

In the Beverage market, our iCool brand expanded in market penetration, and is now the market leader in its category. We will continue to support this brand with marketing investments, and will continue to defend our core product ranges, while diversifying our in-market brand portfolio, to maintain a strong competitive advantage.

The company earned total revenues for the year of \$15.8 billion, a 9% increase over prior year. Net profit however declined by 15% to close at \$609.7 million. Impacting the year's performance were a number of one-off expenses incurred in new product launches, increased logistics costs associated with our Whitemarl expansion and professional fees relating to the Pfizer case. The fees relating to the case are reclaimable and will form a part of the costs to be taxed by the company upon completion of the case. Gross profit for the year was \$2.9 billion, or 10% more than the prior year. Other operating income, which were mainly derived from commissions earned from Principals and Investments interest, totalled \$115.1 million, or 39% more than the prior year.

Total assets at the end of the year stood at \$7.4 billion, which was 13% above prior year. Fixed assets grew by 48% or \$463m to close at \$1.4 billion, driven mainly by our warehouse expansion costs. Trade receivables for the year closed at \$1.6 billion, which was level with prior year, while trade payables closed at \$2.8 billion or 8% above prior year. Cash and Bank balances at the end of the year stood at \$1 billion, a 32% decline when compared to last year. This decline was due to stocking of key inventory items to meet projected demand, and funding of the warehouse expansion. Shareholders' equity at the end of the period stood at \$4 billion, or 14% more than the prior year, whilst the return on equity was 17%, compared to 25% in the prior year. During the year, the company paid out \$180.3 million in dividends to shareholders, a 94% increase over prior year.

Several new innovations were launched in the year, LASCO Ice Dream, a tasty dessert treat, LASCO Nutrify, a nutritious meal replacement product, and LASCO iDrade, a refreshing rehydration drink. These exciting new products are competitively priced and have been well received by customers. In the Pharmaceutical Division, there were successful introductions of critical medications in the area of pain management, respiratory care and hypertension. These new introductions were first to market branded generics, which have already seen high acceptance by health care professionals. In the export business, the company opened several new markets and expanded into 19 countries.

The company also strengthened its operational capability with the conclusion of phase 1 of the warehouse expansion project. The new warehouse enables greater efficiencies in logistics and energy usage. We implemented a business intelligence software, which will support management in tracking key performance metrics, and we initiated the upgrading of our core business application. This upgrade is targeted for completion in the new financial year. With the enhancements in the back office, marketing investments and new product pipeline, we are confident in the foundation being laid for future growth and profitability.

In the court case regarding the assessment of damages suffered by LASCO as a result of the injunction obtained by Pfizer, final submissions were made to the court in April 2017 and the judge has promised to deliver her judgment by the first week of the term beginning in September 2017.

We thank our directors, management and staff for the commitment and hard work in completing another successful year. We also thank our customers and shareholders for their continued support and confidence in the company.

Yours sincerely,  
**LASCO Distributors Limited**



Peter M. Chin  
**MANAGING DIRECTOR**