



**LASCO DISTRIBUTORS LIMITED**

**SECOND QUARTER**

**UNAUDITED FINANCIAL REPORT**

**SIX MONTHS ENDED SEPTEMBER 30, 2017**

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## REPORT TO THE SHAREHOLDERS

### For six months ended September 30, 2017

The Board of Directors of LASCO Distributors Limited is pleased to present the unaudited results for the Six months ended September 30, 2017.

The Company achieved net profit after tax of \$408.5 million, an increase of \$27.6 million or 7% over that of the corresponding period of 2016. Revenues stood at \$8.4 billion, representing an increase of \$210 million or 3% over the corresponding period of 2016. Gross profit increased by 5% over the corresponding period of 2016 to \$1.5 billion, while the gross margin ratio increased by 41 basis points to end at 18.1%. Operating expenses for the six months were \$1.1 billion, representing a marginal increase of 3% compared to the corresponding period of 2016.

These improvements in operational performance were due to the implementation of several key initiatives which lead to efficiency gains. Management remains committed to revenue growth and expense containment while investing in its key brands through various marketing initiatives. The company is poised for improved operational performance over prior year.

Total assets at the end of the six months stood at \$7.8 billion, or 7% more than the corresponding period of 2016. This increase was attributable to an increase in cash and short term investments as well as non-current assets relating to the upgrade of our ERP system and investment in warehouse expansion. Total current and non-current liabilities ended at \$3.5 billion which is similar to that of the corresponding period last year.

The earnings per stock unit for the period ended was \$0.12 which remained on par with that of the corresponding period of 2016. Shareholders' equity grew by 14.12% to close at \$4.3 billion compared to \$3.7 billion for the corresponding period of 2016 and 7% over the position as at March 31, 2017. This is net of the amount of \$154.9 million paid as dividend to shareholders in July 2017. The company ended the second quarter with an annualized return on equity of 20.2%.

Consistent with the strategic drive to bring to market new product innovations, in the month of July the company launched its first to market LASCO Canned Salted Fish product. This exciting product innovation saw an old time Jamaican favourite and staple, salted fish, brought to consumers in a convenient, ready to use, easy pull top can. It became an instant sensation with shoppers raving about the novel idea of salted fish in a can, and enjoying even more the splendid taste, value and convenience.

For the coming months the pipeline for the launch of new innovations is robust. The company expects to enter into other categories with some exciting new brands. This will generate added revenues, increase our product range to our trade partners and offer consumers great taste and satisfaction.

The company pledges ongoing commitment to the development of women and girls through its partnership with the "We Inspire Women" programme. The year 2017 marked the second year of We Inspire Women's efforts to motivate Jamaican women who are, or have been victims of abuse and misdirection due to negative external circumstances; this movement supports and encourages women to rise above their circumstances and maximize their true potential. LASCO Curves (Feminine hygiene) was honoured to be the title sponsor of

the programme which started with an island-wide school tour and culminated in August with the Women's Workshop. We Inspire Women afforded the brand the opportunity to support women and young girls across the island as Curves encourages women to be the woman they've always wanted to be and to recognize their own strength, resilience and beauty.

For one of the company's major corporate initiative, Natalie Hylton Levy was crowned the winner of the LASCO/Nurses Association of Jamaica (NAJ) Nurse of the Year 2017-18. Nurse Hylton Levy, who was third runner-up in the 2016-2017 Nurse of the Year programme, displayed her preservation, resilience and did not waste her second chance and successfully emerged atop the six finalists. Runner-up Wayne Fearon, is a Certified Emergency Nurse at the Mandeville Regional Hospital while Mischelle Callaghan-Graham, a Registered Nurse at the Spanish Town Hospital was awarded third place. The spotlight was shared with the LASCO/NAJ Nursing Student of the Year for 2017-18, Joy Odusanya.

In September, LASCO REAP launched its' sixth year of activities on the grounds of the reigning champion school, Fort George Primary and Infant School. LASCO REAP 2017-2018 will focus heavily on the education and participation of youth across the island to protect, preserve and renew our coral reefs, under the theme "ROOTING FOR NATURE". The programme has grown tremendously from 50 participating schools in its first year to almost 250 schools. It has engaged over 150,000 students across the island, collected approximately 2 million bottles and planted 15,365 trees, with over 150 gardens started and improved.

We would like to thank all our customers and partners for their invaluable support. To our shareholders we are appreciative of the continued confidence and support.

Special acknowledgement to our Directors, Management and staff for the guidance, execution and dedication during this period. We look forward to complete another successful year and we are prepared for more exciting years ahead.



Peter M. Chin  
**Deputy Executive Chairman and  
Managing Director**

**LASCO Distributors Limited**

## Statement of Comprehensive Income

For six months ended September 30, 2017

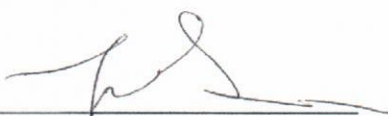
(Unaudited and expressed in Thousands)

	Unaudited 3 months to 30 Sep 2017	Unaudited 3 months to 30 Sep 2016	Unaudited 6 months to 30 Sep 2017	Unaudited 6 months to 30 Sep 2016
	J\$'000	J\$'000	J\$'000	J\$'000
Revenue	4,219,067	4,243,616	8,352,413	8,141,430
Cost of Sales	(3,463,829)	(3,501,531)	(6,842,757)	(6,701,230)
<b>Gross Profit</b>	<b>755,237</b>	<b>742,086</b>	<b>1,509,655</b>	<b>1,440,201</b>
Other Operating Income/(Loss)	1,142	29,824	19,571	39,718
Operating Expenses	(524,255)	(549,547)	(1,080,027)	(1,051,886)
Profit from Operations	<b>232,125</b>	<b>222,363</b>	<b>449,200</b>	<b>428,033</b>
Finance Costs	(105)	(644)	(245)	(974)
<b>Profit before Taxation</b>	<b>232,020</b>	<b>221,719</b>	<b>448,955</b>	<b>427,059</b>
Taxation	(20,380)	(16,245)	(40,455)	(46,145)
<b>Net Profit for the period</b>	<b>211,640</b>	<b>205,474</b>	<b>408,500</b>	<b>380,914</b>
Other Comprehensive Income: Items that will or may not be reclassified to Profit or Loss - Share option plan	1,000	3,000	4,000	12,000
<b>Total Comprehensive Income for the Period</b>	<b>212,640</b>	<b>208,474</b>	<b>412,500</b>	<b>392,914</b>
<b>Earnings per stock unit Basic and Diluted</b>	<b>\$ 0.06</b>	<b>\$ 0.06</b>	<b>\$ 0.12</b>	<b>\$ 0.12</b>

**LASCO Distributors Limited**  
Statement of Financial Position  
as at September 30, 2017

	Notes	Unaudited 30 Sep 2017 \$'000	Unaudited 30 Sep 2016 \$'000	Audited 31 Mar 2017 \$'000
<b>ASSETS:</b>				
<b>Non-Current Assets</b>				
Property, Plant & Equipment		1,432,638	1,129,047	1,348,873
Intangible asset		129,578	57,155	71,684
		<u>1,562,216</u>	<u>1,186,203</u>	<u>1,420,557</u>
<b>Current Assets</b>				
Inventories		2,205,482	2,809,017	2,406,735
Receivables	4	2,672,251	2,205,081	2,117,566
Related Companies		101,444	47,823	74,667
Directors Current Account		19,672	11,640	18,432
Taxation recoverable		24,307	21,572	22,098
Short term Investments		377,562	195,820	319,958
Cash and Bank Balances		859,886	809,374	1,012,227
<b>Total Current Assets</b>		<u>6,260,603</u>	<u>6,100,328</u>	<u>5,971,683</u>
<b>TOTAL ASSETS</b>		<u>7,822,818</u>	<u>7,286,529</u>	<u>7,392,240</u>
<b>EQUITY AND LIABILITIES:</b>				
<b>Current Liabilities</b>				
Payables	5	3,059,052	3,212,128	2,913,174
Taxation Payable		84,357	65,885	60,633
Current Portion of Long term loans		135,000	90,000	180,000
<b>Total Current Liabilities</b>		<u>3,278,409</u>	<u>3,368,013</u>	<u>3,153,807</u>
<b>Non-Current Liabilities</b>				
Long Term Debt		216,667	130,623	171,797
Deferred Tax Liability		21,049	14,211	18,500
<b>Total Non-Current Liabilities</b>		<u>237,716</u>	<u>144,834</u>	<u>190,297</u>
<b>Shareholders' Equity</b>				
Share Capital	6	319,051	275,882	319,050
Revaluation reserves		75,387	75,387	75,387
Other reserves		57,296	49,735	52,257
Retained Earnings		3,854,958	3,372,678	3,601,442
<b>Total Shareholders' Equity</b>		<u>4,306,694</u>	<u>3,773,682</u>	<u>4,048,136</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>7,822,818</u>	<u>7,286,529</u>	<u>7,392,240</u>

Approved for issue by the Board of Directors on October 30, 2017 and signed on its behalf by:



Hon. Lascelles Chin, O.J., C.D., LLD (Hon. Causa)  
Executive Chairman



Peter Chin  
Deputy Executive Chairman and  
Managing Director

LASCO Distributors Limited  
Statement of Cashflows  
For six months ended September 30, 2017

	Unaudited 30 Sep 2017 \$'000	Unaudited 30 Sep 2016 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit	408,500	380,914
Items not affecting cash		
Stock Options - value of services expensed	4,000	12,000
Depreciation	46,298	42,005
Interest Income	(5,503)	(9,679)
Interest Expense	245	974
<b>Items not affecting cash</b>	<b>45,039</b>	<b>45,300</b>
<b>Change in Operating Assets and Liabilities</b>		
Inventories	201,253	(872,631)
Receivables	(567,856)	(355,528)
Directors current account	(1,239)	24,224
Related companies	(26,763)	7,975
Taxation	24,031	(1,226)
Payables	154,300	524,173
<b>Changes in non-cash working capital components</b>	<b>(216,274)</b>	<b>(673,013)</b>
<b>Cash provided by Operating Activities</b>	<b>237,265</b>	<b>(246,799)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	10,274	6,738
Short term Investments	(57,604)	(7,531)
Acquisition of Property, Plant & Equipment	(187,956)	(270,780)
<b>Net Cash used in Investing Activities</b>	<b>(235,286)</b>	<b>(271,573)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest Paid	(245)	(974)
Loan received	(131)	12,915
Dividend paid	(154,984)	(180,276)
Issue of Shares	1,040	3,000
<b>Cash provided/(used in) by Financing Activities</b>	<b>(154,320)</b>	<b>(165,335)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(152,341)</b>	<b>(683,707)</b>
Cash and cash equivalents at the beginning of the period	1,012,227	1,493,081
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>859,886</b>	<b>809,374</b>

**LASCO Distributors Limited**  
**Statement of Changes in Shareholders' Equity**  
**For six months ended September 30, 2017**

	Share Capital	Revaluation Reserve	Other Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2016	272,882	75,387	37,735	3,172,040	3,558,044
Current year Profits	0	0	0	380,914	380,914
Other Comprehensive Income	0	0	12,000	0	12,000
Transfer from Other reserves	0	0	0	0	0
Issue of shares	3,000	0	0	0	3,000
Dividends Paid	0	0	0	(180,276)	(180,276)
<b>Balance as at September 30, 2016</b>	<b>275,882</b>	<b>75,387</b>	<b>49,735</b>	<b>3,372,678</b>	<b>3,773,682</b>
Balance at 1 April 2017	319,051	75,387	52,256	3,601,442	4,048,138
Current year profits	0	0	0	408,500	408,500
Other Comprehensive Income	0	0	4,000	0	4,000
Transfer from Other reserves	0	0	1,040	0	1,040
Issue of Shares	0	0	0	0	0
Dividends Paid	0	0	0	(154,984)	(154,984)
<b>Balance as at September 30, 2017</b>	<b>319,051</b>	<b>75,387</b>	<b>57,296</b>	<b>3,854,958</b>	<b>4,306,694</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 1. IDENTIFICATION AND ACTIVITIES:

- (a) LASCO Distributors Limited is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is 27 Red Hills Road, Kingston 10.
- (b) The principal activity of the company is the distribution of pharmaceutical and consumable items.
- (c) The company's shares were listed on the Junior Market of the Jamaican Stock Exchange on 12 October 2010.

### 2. SIGNIFICANT ACCOUNTING POLICIES:

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS); and the adopted interpretation of those standards by the International Accounting Standards Board, and have been prepared under the historical cost convention. They are also prepared in accordance with provisions of the Jamaican Companies Act.

The accounting policies followed in these interim financial statements are consistent with those used in the audited financial statements for the year ended 31 March 2017.

These financial statements are presented in Jamaican dollars unless otherwise indicated.

### 3. REMISSION OF INCOME TAX:

The company's shares were listed on the Junior Market of the Jamaica Stock Exchange, effective 12 October 2010. Consequently, the company is entitled to a remission of taxes for ten (10) years in the proportions set out below, provided the shares remain listed for at least fifteen (15) years:

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 remission.

#### 4. RECEIVABLES

	Sep-17 \$'000	Sep-16 \$'000	Mar-17 \$'000
Trade Receivables			
Roche Diagnostics	310,835	486,468	495,692
Regular Trade	1,741,722	1,243,927	1,093,562
	<u>2,052,557</u>	<u>1,730,395</u>	<u>1,589,254</u>
Less: Provision for Bad Debts	(31,620)	(30,191)	(49,459)
	<u>2,020,936</u>	<u>1,700,204</u>	<u>1,539,795</u>
Other Receivables	651,314	504,877	577,771
	<u>2,672,251</u>	<u>2,205,081</u>	<u>2,117,566</u>

Included in trade receivables for Roche are items on which Roche bears the credit risk solely. The corresponding liability is included in trade payables (note 5).

#### 5. PAYABLES

	Sep-17 \$'000	Sep-16 \$'000	Mar-17 \$'000
Trade Payables			
Roche Diagnostics	174,258	142,937	359,699
Regular Trade	2,717,811	2,904,116	2,486,110
	<u>2,892,069</u>	<u>3,047,053</u>	<u>2,845,809</u>
Other Payables & Accruals	166,983	165,075	67,365
	<u>3,059,052</u>	<u>3,212,128</u>	<u>2,913,174</u>

#### 6. SHARE CAPITAL

	Sep-17 \$'000	Sep-16 \$'000	Mar-17 \$'000
Authorised - 3,630,000,000 ordinary shares of no par value			
Stated capital – Issued and fully paid – 3,456,339,482 (2016 – 3,413,262,149) ordinary shares of no par value	<u>319,051</u>	<u>275,882</u>	<u>319,050</u>



LASCO DISTRIBUTORS LIMITED  
TOP 10 SHAREHOLDINGS AS AT SEPTEMBER 30, 2017

NAME	JOINT HOLDERS	UNITS	PERCENTAGES
EAST WEST (ST. LUCIA) LIMITED		1,649,551,260	49.00
LASCELLES A. CHIN		1,019,337,780	30.28
MAYBERRY WEST INDIES LIMITED		79,202,188	2.14
YUAN LIAO		30,160,300	0.90
PETER CHIN		23,000,000	0.67
PAM – POOLED EQUITY FUND		21,737,102	0.63
WAYNE M. CHIN		21,116,860	0.62
JOEL IZQUIERDO GONZALEZ		20,000,000	0.61
HILDA GONZALEZ ROSALES		17,118,600	0.51
MAYBERRY MANAGED CLIENTS ACCOUNT		16,272,173	0.47



**LASCO DISTRIBUTORS LIMITED  
EXECUTIVES HOLDINGS AND CONNECTED PARTIES REPORT  
SHAREHOLDINGS AS AT SEPTEMBER 30, 2017**

<b>NAME</b>	<b>POSITION</b>	<b>UNITS</b>	<b>PERCENTAGES</b>
<b>PRIMARY HOLDER</b>	<b>*JOINT HOLDER</b>		
PETER CHIN		23,000,000	0.6678
A. ALEX BALOGUN		3,293,033	0.0962
PAUL SHOUCAIR		0.00	0.0000



**LASCO DISTRIBUTORS LIMITED  
DIRECTORS AND CONNECTED PARTIES  
SHAREHOLDINGS AS AT SEPTEMBER 30, 2017**

NAME PRIMARY HOLDER	POSITION *JOINT HOLDER	UNITS	PERCENTAGES
LASCELLES CHIN		1,019,337,780	29.8640
	EAST WEST (ST. LUCIA) LTD.	1,649,551,260	49.0000
	EILEEN CHIN – DIRECT	{15,116,165}	0.4397
EILEEN CHIN		15,116,165	0.4397
	LASCELLES CHIN –DIRECT	{1,019,337,780}	29.8640
J. A. LESTER SPAULDING		4,003,000	0.1172
KENNETH HALL		2,753,000	0.0797
PETER CHIN		23,000,000	0.6678
GARY PEART		1,397,000	0.0409
VINCENT CHEN		1,000,000	0.0294
JACINTH HALL-TRACEY		0.00	0.00
JAMES RAWLE		0.00	0.00