



LASCO DISTRIBUTORS LIMITED

THIRD QUARTER

UNAUDITED FINANCIAL REPORT

NINE MONTHS ENDED DECEMBER 31, 2017

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REPORT TO THE SHAREHOLDERS

For nine months ended December 31, 2017

The Board of Directors of LASCO Distributors Limited is pleased to present the unaudited results for the nine months ended December 31, 2017.

The Company achieved net profit after tax of \$535.22 million, an increase of \$117.8 million or 28% over the corresponding period of 2016. Revenues stood at \$12.2 billion, representing an increase of \$184.3 million over prior year. Gross profit increased by 9.3% to \$2.2 billion, while the gross profit margin increased to 17.9% from 16.9%. Operating expenses for the nine months were \$1.7 billion, representing an increase of 5% compared to the corresponding period of 2016.

In the company's continuous efforts to drive efficiency in its operations, management implemented several measures, including improved capacity utilization due to the warehouse expansion as well as improved logistics, resulting in increased profit margins. Management continues to control administrative expenses while investing in our core brands and new innovations through various marketing and promotional initiatives. For the period ending December 31, 2017, the administrative expense to sales ratio stood at 13.6% compared to 13.2% for the corresponding period of 2016.

Total assets at the end of the nine months stood at \$8.1 billion, or 14.2% more than the corresponding period of 2016. This increase was attributable to an increase in non-current assets relating to investment in warehouse expansion and upgrades to our ERP system. Total current and non-current liabilities ended at \$3.6 billion compared to \$3.3 billion for the corresponding period last year.

The earnings per stock unit for the period ended was \$0.16 or 23.1% increase over the corresponding period of 2016. Shareholders' equity grew by 16.75% to close at \$4.5 billion compare to \$3.8 billion for the corresponding period of 2016.

The company's growth strategy is to grow our key brands and bring new innovations to market, both locally and internationally, as well as to build out a strong distribution network to make our products accessible to all consumers.

The company rolled out the newest flavor in its LASCO Instant Chocolate range and iCool brand. LASCO Instant Chocolate with Mint was introduced to the trade in December 2017. The company also extended the range of its iCool brand with the introduction of its newest flavor Guava Pine. Both products have gain significant traction with excellent consumer reviews. In the coming months, the company will expand its portfolio of product offerings to our consumers.

As part of our corporate initiatives, LASCO and the Ministry of Education, Youth and Information (MoEYI) declared their new Teacher and Principal of the Year 2017/18 on Monday, December 4, 2017 at the Jamaica Pegasus. The honour was bestowed upon Ingrid Peart-Wilmot, Teacher at the Bishop Gibson High and Howard Salmon, Principal of Mandeville Primary and Junior High at the annual Awards Ceremony held at the Jamaica Pegasus Hotel. The final selection was made from an impressive line-up of thirteen principals and teachers, who have revolutionized the face education through outstanding initiatives implemented in their schools.

They were judged based on a number of criteria including classroom competency, commitment to education, professional development and community involvement.

On November 24, 2017, the company was awarded the amount of \$273,278,243.00 for damages and interest up to November 3, 2017 in the Pfizer Case. The formal order was signed by Honourable Mrs. Justice Vivene Harris and filed on November 24, 2017. Based on the court ruling the company filed an appeal on December 8, 2017, we are now awaiting a court date.

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.



Peter M. Chin

**Deputy Executive Chairman and
Managing Director**

LASCO Distributors Limited
Statement of Financial Position
as at December 31, 2017

	Notes	Unaudited 31 Dec 2017 \$'000	Unaudited 31 Dec 2016 \$'000	Audited 31 Mar 2017 \$'000
ASSETS:				
Non-Current Assets				
Property, Plant & Equipment		1,450,463	1,192,838	1,348,873
Intangible asset		<u>140,018</u>	<u>56,783</u>	<u>71,684</u>
		<u>1,590,481</u>	<u>1,249,621</u>	<u>1,420,557</u>
Current Assets				
Inventories		2,453,195	2,291,280	2,406,735
Receivables	4	2,606,517	2,320,659	2,117,566
Related Companies		412,132	119,274	74,667
Directors Current Account		19,345	11,460	18,432
Taxation recoverable		25,099	21,859	22,098
Short term Investments		118,505	319,049	319,958
Cash and Bank Balances		<u>878,725</u>	<u>765,092</u>	<u>1,012,227</u>
Total Current Assets		<u>6,513,518</u>	<u>5,848,673</u>	<u>5,971,683</u>
TOTAL ASSETS		<u>8,103,999</u>	<u>7,098,294</u>	<u>7,392,240</u>
EQUITY AND LIABILITIES:				
Current Liabilities				
Payables	5	3,184,227	2,778,453	2,913,174
Taxation Payable		95,679	70,111	60,633
Current Portion of Long term loans		<u>180,000</u>	<u>135,000</u>	<u>180,000</u>
Total Current Liabilities		<u>3,459,906</u>	<u>2,983,564</u>	<u>3,153,807</u>
Non-Current Liabilities				
Long Term Debt		135,000	261,797	171,797
Deferred Tax Liability		<u>21,246</u>	<u>8,956</u>	<u>18,500</u>
Total Non-Current Liabilities		<u>156,246</u>	<u>270,753</u>	<u>190,297</u>
Shareholders' Equity				
Share Capital	6	371,526	304,773	319,050
Revaluation reserves		75,387	75,387	75,387
Other reserves		59,256	54,611	52,257
Retained Earnings		3,981,678	3,409,206	3,601,442
Total Shareholders' Equity		<u>4,487,847</u>	<u>3,843,977</u>	<u>4,048,136</u>
TOTAL EQUITY AND LIABILITIES		<u>8,103,999</u>	<u>7,098,294</u>	<u>7,392,240</u>

Approved for issue by the Board of Directors on February 06, 2018 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 Comprehensive Income

For nine months ended December 31, 2017

(Unaudited and expressed in Thousands)

	Unaudited 3 months to 31 Dec 2017	Unaudited 3 months to 31 Dec 2016	Unaudited 9 months to 31 Dec 2017	Unaudited 9 months to 31 Dec 2016
	J\$'000	J\$'000	J\$'000	J\$'000
Revenue	3,888,187	3,914,835	12,240,599	12,056,265
Cost of Sales	(3,211,806)	(3,355,243)	(10,054,562)	(10,056,472)
Gross Profit	676,381	559,592	2,186,037	1,999,793
Other Operating Income/(Loss)	49,841	18,351	69,412	58,072
Operating Expenses	(589,299)	(539,484)	(1,669,325)	(1,591,372)
Profit from Operations	136,923	38,459	586,124	466,492
Finance Costs	(109)	(802)	(354)	(1,776)
Profit before Taxation	136,814	37,657	585,770	464,716
Taxation	(10,095)	(1,130)	(50,550)	(47,275)
Net Profit for the period	126,719	36,527	535,220	417,441
Other Comprehensive Income: Items that will or may not be reclassified to Profit or Loss - Share option plan	3,000	15,000	7,000	27,000
Total Comprehensive Income for the Period	129,719	51,527	542,220	444,441
Earnings per stock unit				
Basic and Diluted	\$ 0.04	\$ 0.02	\$ 0.16	\$ 0.13

LASCO Distributors Limited
Statement of Cashflows
For nine months ended December 31, 2017

	Unaudited 31 Dec 2017 J\$'000	Unaudited 31 Dec 2016 J\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit	535,220	417,441
Items not affecting cash		
Stock Options - value of services expensed	7,000	27,000
Depreciation	69,545	64,717
Loss/(Gain) on Disposal of PPE	83	-
Interest Income	(14,205)	(13,207)
Interest Expense	354	1,776
Items not affecting cash	62,777	80,286
Change in Operating Assets and Liabilities		
Inventories	(46,458)	(354,894)
Receivables	(497,407)	(471,536)
Directors current account	(913)	540
Related companies	(337,452)	(77,688)
Taxation	34,756	35,533
Payables	279,474	90,499
Changes in non-cash working capital components	(568,000)	(777,546)
Cash provided by Operating Activities	29,997	(279,819)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	14,261	10,696
Short term Investments	201,453	(130,760)
Acquisition of Property, Plant & Equipment	(239,552)	(356,910)
Net Cash used in Investing Activities	(23,838)	(476,974)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest Paid	(354)	(1,776)
Loan received	(36,797)	189,089
Dividend paid	(154,984)	(180,276)
Issue of Shares	52,475	21,767
Cash provided/(used in) by Financing Activities	(139,660)	28,804
NET CHANGE IN CASH AND CASH EQUIVALENTS	(133,502)	(727,989)
Cash and cash equivalents at the beginning of the period	1,012,227	1,493,081
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	878,725	765,092

LASCO Distributors Limited
Statement of Changes in Shareholders' Equity
For nine months ended December 31, 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	-	-	-	417,441	417,441
Other Comprehensive Income	-	-	27,000	-	27,000
Transfer from Other reserves	10,124	-	(10,124)	-	-
Issue of shares	21,767	-	-	-	21,767
Dividends Paid	-	-	-	(180,276)	(180,276)
Balance as at December 31, 2016	304,773	75,387	54,611	3,409,206	3,843,977
Balance at 1 April 2017	319,051	75,387	52,256	3,601,442	4,048,136
Current year profits	-	-	-	535,220	535,220
Other Comprehensive Income	-	-	7,000	-	7,000
Transfer from Other reserves	-	-	-	-	-
Issue of Shares	52,475	-	-	-	52,475
Dividends Paid	-	-	-	(154,984)	(154,984)
Balance as at December 31, 2017	371,526	75,387	59,256	3,981,678	4,487,847

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

	Dec-17 \$'000	Mar-17 \$'000
Trade Receivables		
Roche Diagnostics	308,900	495,692
Regular Trade	<u>1,649,137</u>	<u>1,093,562</u>
	1,958,037	1,589,254
Less: Provision for Bad Debts	<u>(26,286)</u>	<u>(49,459)</u>
	1,931,751	1,539,795
Other Receivables	<u>674,766</u>	<u>577,771</u>
	<u>2,606,517</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

	Dec-17 \$'000	Mar-17 \$'000
Trade Payables		
Roche Diagnostics	288,461	359,699
Regular Trade	<u>2,667,840</u>	<u>2,486,110</u>
	2,956,301	2,845,809
Other Payables & Accruals	<u>227,926</u>	<u>67,365</u>
	<u>3,184,227</u>	<u>2,913,174</u>

6. SHARE CAPITAL

	Dec-17 \$'000	Mar-17 \$'000
Authorised - 3,630,000,000 ordinary shares of no par value		
Stated capital – Issued and fully paid – 3,473,109,698 (2016 – 3,424,462,483) ordinary shares of no par value	<u>371,526</u>	<u>319,051</u>



LASCO DISTRIBUTORS LIMITED
TOP 10 SHAREHOLDINGS AS AT DECEMBER 31, 2017

NAME	JOINT HOLDERS	UNITS	PERCENTAGES
EAST WEST (ST. LUCIA) LIMITED		1,649,551,260	47.49
LASCELLES A. CHIN		1,019,337,780	29.34
MAYBERRY WEST INDIES LIMITED		72,920,176	2.09
YUAN LIAO		30,160,300	0.86
PETER CHIN		24,435,966	0.70
WAYNE M. CHIN		24,017,860	0.69
PAM – POOLED EQUITY FUND		21,737,102	0.62
MANWEI INTERNATIONAL LTD		21,290,062	0.61
JOEL IZQUIERDO GONZALEZ		20,000,000	0.57
PRIME ASSET MANAGEMENT JPS EMPLOYEES SUPERANNUATION FUND		17,936,642	0.51



**LASCO DISTRIBUTORS LIMITED
DIRECTORS AND CONNECTED PARTIES
SHAREHOLDINGS AS AT DECEMBER 31, 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		24,435,966	0.7036
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



LASCO DISTRIBUTORS LIMITED
EXECUTIVES HOLDINGS AND CONNECTED PARTIES REPORT
SHAREHOLDINGS AS AT DECEMBER 31, 2017

NAME	POSITION	UNITS	PERCENTAGES
PRIMARY HOLDER	*JOINT HOLDER		
PETER CHIN		24,435,966	0.7036
PAUL SHOUCAIR		0.00	0.0000