



May 31<sup>st</sup>, 2018

**LASCO  
DISTRIBUTORS  
LIMITED**

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**REPORT TO THE SHAREHOLDERS**

Financial Year 2018 was a record year for LASCO Distributors Limited. The Company reported strong financial results and had successes in key areas. We continue to build on this foundation, as we position the company for further growth in market share, both locally and overseas.

The company's net profit grew by 65% to close at \$1.004 billion which is the highest recorded net profit for the company to date. This performance is due to the successful execution of our strategy, management of margins, growth in key business categories, cost efficiencies and proceeds from the ongoing Pfizer court case.

Gross profit for the year was \$3.2 billion or 8% over prior year. This was earned from a total revenue of \$16.3 billion compared to \$15.8 billion in the previous year. Other operating income, totalled \$395 million or an increase of 243% over prior year. This was driven mainly by \$122 million from commissions and investment income as well as \$273 million proceeds from the Pfizer case. Our legal team has advised that the award from the case should be more and has filed an appeal with the courts which we will pursue vigorously in the coming months. Total selling and administrative expenses were 5% over last year while the selling and administrative expense to sales ratio was contained at 15.3%.

Total assets at the end of the year stood at \$8.5 billion, which was 15% above prior year. Non-current assets increased by 14% or \$194 million to close at \$1.6 billion, driven mainly by the warehouse expansion and upgrades in core business applications. Current assets grew by 15% to close at \$6.9 billion due to increase trade activities and liquidity. Current liabilities increased by 19% to close at \$3.7 billion. Shareholders' equity at the end of the period stood at \$4.6 billion or 13% over prior year. The return on shareholders' equity was 22% compared to 15% in the prior year.

On March 28, 2018, the Board of Directors declared an interim dividend of \$0.117 per share, totalling \$408 million payable to shareholders on April 30, 2018 compared to \$155 million paid last financial year or \$0.045 per share.

**DIRECTORS:** Hon. Lascelles A. Chin, O.J., C.D., LLD. (Hon. Causa), (Executive Chairman)  
Peter Chin (Deputy Executive Chairman & Managing Director) • Dr. Eileen Chin • Vincent Chen  
Sir Kenneth Hall, ON, GCMG, OJ • Jacinth Hall -Tracey • Colin Maxwell • Gary Peart • James Rawle

The company continues to rationalize its product portfolio by introducing new products and streamlining existing ones to improve efficiency in operations, providing the right product mix to market and bringing value to our consumers. During the fourth quarter, the company launched its carbonated beverage brands **LYRIX** and the potent adult energy drink **KONKA**. Both products have received positive feedback from consumers and therefore, we anticipate growth in market share. Our commitment is to provide consumers with healthy alternative options; the company launched a 50% less sugar LASCO food drink and reduced the sugar content of iCool juices.

The company's strategy continues to be market expansion, new product development and cost efficiencies, supported by a strong management and operational team. The company intends to strengthen its distribution reach in all sales channels with a greater focus on building a stronger route to market to small shop customers. In regards to the export market, we continue to expand our beverage range of products into new markets and build on the success in existing ones. The Pharmaceutical division made critical efforts in sourcing and collaborating with several Principals from which a robust pipeline of products for the next 2 years has been established.

Thank you to our directors, management and staff for the commitment and hard work in making this another successful year. We also thank our valued customers and shareholders for their continued support and confidence in the company.

Yours sincerely,  
**LASCO Distributors Limited**



Peter M. Chin  
MANAGING DIRECTOR