



**LASCO DISTRIBUTORS LIMITED**

**FIRST QUARTER**

**UNAUDITED FINANCIAL REPORT**

**THREE MONTHS ENDED JUNE 30, 2018**

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## REPORT TO THE SHAREHOLDERS

### For three months ended June 30, 2018

The Board of Directors of LASCO Distributors Limited is pleased to present the unaudited results for the three months ended June 30, 2018.

Last financial year, the Company delivered strong results in line with its effective execution of key strategies and will continue to build on these throughout the financial year.

For the first quarter ending June 30, 2018, the Company achieved net profit of \$234 million, or 18.7% more than the corresponding period last year. Revenues for the quarter grew to \$4.3 billion, or 3.5% more than the corresponding period last year. Gross profit close at \$871 million or 6.1%, while gross margin ratio increased to 20.4%, compared to 19.9% for the corresponding period last year. Total operating expenses during the period were \$660 million, an increase of 6.1% compared to the corresponding period last year.

At the end of the quarter, the Company's non-current assets stood at \$1.6 billion, an increase of \$116.5 million or 7.9% over the corresponding period last year. This increase resulted from investment in equipment and warehouse infrastructure. Inventories increased by 13.6% over prior year to close at \$2.3 billion. Trade receivables increased by 15.8% compared to prior year, to close at \$2.1 billion while total payables increased by 17.8% to close at \$3.4 billion. This brought the ratio of current-assets to current-liabilities to 1.93X, compared to 1.84X in prior year. Cash and short term Investments, taken together, closed the period at \$1.6 billion compared to \$1.4 billion for the same period last year. To date, the company has repaid a total of \$467 million of the loan borrowed for the warehouse expansion which has a current balance of \$233 million.

Total shareholders' equity was \$4.8 billion, which was \$562.2 million or 13.2% over the prior year. The annualized return on equity for the period was 20.5% compared to 19.5% in prior year. Earnings per share closed at \$0.07 in the current period and \$0.06 in the same period last year, while the annualized PE ratio was 15.05x and 30.44x in the prior year.

On April 30, 2018, the company paid dividend to shareholders on record as at April 13, 2018 amounting to \$408 million or \$0.117 per share. This represented a dividend payout ratio of 40.6% of last year's net profit and the company is committed to continue providing positive returns to our shareholders.

LASCO Distributors Limited continues to recognize and honor members of the Jamaica Constabulary Force (JCF) through our LASCO/JCF Police Officer of the Year program. In April 2018, Constable Davian Martin of the Area 3 Headquarters was announced as the LASCO/ JCF Police Officer of the Year 2018/2019 at the annual awards ceremony. Congratulations to Constable Martin and the other awardees for their selfless service to our country.

The company completed the 6<sup>th</sup> staging of the LASCO Re-Leaf Environmental Awareness Program (REAP) competition in June 2018 under the theme “Rooting for Nature” with Newstead Primary School declared the winning school for 2017-2018. Newstead Primary School also reaped the LASCO iCool Award for “Most Plastic Bottles Collected” with an impressive total of 132,083 PET bottles. During the last six (6) years, LASCO Reap has played an incremental role in advancing and promoting environmental awareness and good environmental practices and heralds more than 27,000 trees planted, over 500 participating schools and renewed conversations regarding the importance of tree planting in Jamaica.



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

**LASCO Distributors Limited**  
Statement of Financial Position  
as at June 30, 2018

	Notes	Unaudited 30 Jun 2018 \$'000	Unaudited 30 Jun 2017 \$'000	Audited 31 Mar 2018 \$'000
<b>ASSETS:</b>				
<b>Non-Current Assets</b>				
Property, Plant & Equipment		1,470,406	1,391,247	1,481,386
Intangible asset		126,583	89,270	133,569
		<u>1,596,989</u>	<u>1,480,517</u>	<u>1,614,955</u>
<b>Current Assets</b>				
Inventories		2,279,271	2,006,980	2,483,422
Receivables	4	2,924,555	2,478,573	2,491,497
Related Companies		86,025	85,262	38,504
Directors Current Account		16,788	23,498	18,335
Taxation recoverable		245	24,048	25,613
Short term Investments		251,933	325,498	118,686
Cash and Bank Balances		1,331,488	1,104,549	1,719,254
<b>Total Current Assets</b>		<u>6,890,305</u>	<u>6,048,408</u>	<u>6,895,311</u>
<b>TOTAL ASSETS</b>		<u>8,487,294</u>	<u>7,528,925</u>	<u>8,510,266</u>
<b>EQUITY AND LIABILITIES:</b>				
<b>Current Liabilities</b>				
Payables	5	3,396,197	2,881,925	3,596,852
Taxation Payable		35,241	72,947	65,587
Current Portion of Long term loans		135,000	135,000	88,333
<b>Total Current Liabilities</b>		<u>3,566,438</u>	<u>3,089,872</u>	<u>3,750,772</u>
<b>Non-Current Liabilities</b>				
Long Term Debt		98,333	171,797	173,333
Deferred Tax Liability		12,328	19,260	16,307
<b>Total Non-Current Liabilities</b>		<u>110,662</u>	<u>191,057</u>	<u>189,640</u>
<b>Shareholders' Equity</b>				
Share Capital	6	435,715	319,051	428,782
Revaluation reserves		75,387	75,387	75,387
Other reserves		23,252	55,256	23,252
Retained Earnings		4,275,839	3,798,301	4,042,433
<b>Total Shareholders' Equity</b>		<u>4,810,194</u>	<u>4,247,996</u>	<u>4,569,854</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>8,487,294</u>	<u>7,528,925</u>	<u>8,510,266</u>

Approved for issue by the Board of Directors on July 17, 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 three months ended June 30 2018

*(Unaudited and expressed in Thousands)*

	Unaudited 3 months to 30 Jun 2018	Unaudited 3 months to 30 Jun 2017	Unaudited Year-to-date 30 Jun 2018	Unaudited Year-to-date 30 Jun 2017
	J\$'000	J\$'000	J\$'000	J\$'000
Revenue	4,279,696	4,133,346	4,279,696	4,133,346
Cost of Sales *	(3,408,254)	(3,312,289)	(3,408,254)	(3,312,289)
<b>Gross Profit</b>	<b>871,442</b>	<b>821,056</b>	<b>871,442</b>	<b>821,056</b>
Other Operating Income	42,696	18,429	42,696	18,429
Operating Expenses *	(660,399)	(622,411)	(660,399)	(622,411)
Profit from Operations	<b>253,740</b>	<b>217,074</b>	<b>253,740</b>	<b>217,074</b>
Finance Costs	(172)	(140)	(172)	(140)
<b>Profit before Taxation</b>	<b>253,567</b>	<b>216,934</b>	<b>253,567</b>	<b>216,934</b>
Taxation	(19,927)	(20,075)	(19,927)	(20,075)
<b>Net Profit for the period</b>	<b>233,640</b>	<b>196,859</b>	<b>233,640</b>	<b>196,859</b>
Other Comprehensive Income:				
Items that will or may not be reclassified to Profit or Loss -				
Share option plan	0	3,000	0	3,000
<b>Total Comprehensive Income for the Period</b>	<b>233,640</b>	<b>199,859</b>	<b>233,640</b>	<b>199,859</b>
<b>Earnings per stock unit</b>				
Basic and Diluted	<b>\$ 0.07</b>	<b>\$ 0.06</b>	<b>\$ 0.07</b>	<b>\$ 0.06</b>

\*During the financial year, management reclassified some expenses from cost of sales to operating expenses. This was in line with the March 2018 audited financial statement.

**LASCO Distributors Limited**  
**Statement of Cashflows**  
**For three months ended June 30 2018**

	Unaudited 30 Jun 2018 J\$'000	Unaudited 30 Jun 2017 J\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit	233,640	196,859
Items not affecting cash		
Stock Options - value of services expensed	0	3,000
Depreciation	29,994	22,885
Interest Income	(2,231)	(3,852)
Interest Expense	172	140
<b>Items not affecting cash</b>	<b>27,935</b>	<b>22,173</b>
<b>Change in Operating Assets and Liabilities</b>		
Inventories	204,151	399,755
Receivables	(432,577)	(374,069)
Directors current account	1,547	(5,066)
Related companies	(47,521)	(10,582)
Taxation	(8,956)	11,090
Payables	(200,655)	(22,828)
<b>Changes in non-cash working capital components</b>	<b>(484,011)</b>	<b>(1,699)</b>
<b>Cash provided by Operating Activities</b>	<b>(222,435)</b>	<b>217,333</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	1,751	8,514
Short term Investments	(133,247)	(5,540)
Acquisition of Property, Plant & Equipment	(12,028)	(82,845)
<b>Net Cash used in Investing Activities</b>	<b>(143,524)</b>	<b>(79,871)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest Paid	(172)	(140)
Loan received	(28,333)	(45,000)
Dividend paid	(234)	0
Issue of Shares	6,933	0
<b>Cash provided/(used in) by Financing Activities</b>	<b>(21,806)</b>	<b>(45,140)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(387,765)</b>	<b>92,322</b>
Cash and cash equivalents at the beginning of the period	1,719,254	1,012,227
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>1,331,488</b>	<b>1,104,549</b>

**LASCO Distributors Limited**

**Statement of Changes in Shareholders' Equity**

For three months ended June 30 2018

	Share Capital	Revaluation Reserve	Other Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2016	319,051	75,387	52,256	3,601,442	4,048,136
Current year Profits	0	0	0	196,859	196,859
Other Comprehensive Income	0	0	3,000	0	3,000
Transfer from Other reserves	0	0	0	0	0
Issue of shares	0	0	0	0	0
Dividends Paid	0	0	0	0	0
<b>Balance as at June 30, 2017</b>	<b>319,051</b>	<b>75,387</b>	<b>55,256</b>	<b>3,798,301</b>	<b>4,247,996</b>
Balance at 1 April 2017	428,782	75,387	23,252	4,042,433	4,569,854
Current year profits	0	0	0	233,640	233,640
Other Comprehensive Income	0	0	0	0	0
Transfer from Other reserves	0	0	0	0	0
Issue of Shares	6,933	0	0	0	6,933
Dividends Paid	0	0	0	(234)	(234)
<b>Balance as at June 30, 2018</b>	<b>435,715</b>	<b>75,387</b>	<b>23,252</b>	<b>4,275,839</b>	<b>4,810,194</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

	Jun-18 \$'000	Mar-18 \$'000
Trade Receivables		
Roche Diagnostics	328,223	346,380
Regular Trade	<u>1,833,612</u>	<u>1,651,390</u>
	2,161,835	1,997,770
Less: Provision for Bad Debts	<u>(18,051)</u>	<u>(18,065)</u>
	2,143,784	1,979,705
Other Receivables	<u>780,771</u>	<u>511,792</u>
	<u>2,924,555</u>	<u>2,491,497</u>

#### 5. PAYABLES

	Jun-18 \$'000	Mar-18 \$'000
Trade Payables		
Roche Diagnostics	360,459	545,071
Regular Trade	<u>2,802,341</u>	<u>2,443,218</u>
	3,162,799	2,988,289
Other Payables & Accruals	<u>233,397</u>	<u>608,563</u>
	<u>3,396,197</u>	<u>3,596,852</u>

#### 6. SHARE CAPITAL

	Jun-18 \$'000	Mar-18 \$'000
Authorised - 3,630,000,000 ordinary shares of no par value		
Stated capital – Issued and fully paid – 3,490,794,739 (2016 – 3,403,428,817) ordinary shares of no par value	<u>435,714</u>	<u>428,782</u>