



**LASCO DISTRIBUTORS LIMITED**

**SECOND QUARTER**

**UNAUDITED FINANCIAL REPORT**

**SIX MONTHS ENDED SEPTEMBER 30, 2018**

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## REPORT TO THE SHAREHOLDERS

### For six months ended September 30, 2018

The Board of Directors of the Company is pleased to present the unaudited results for the six months ended September 30, 2018.

For the three months ended September 30, 2018 revenue grew by 7% while net profit grew by 9% over the corresponding period last year. The company remains focused on consistent growth in the topline and bottom line while delivering consistent and increased shareholder value.

For the six months ended September 30, 2018, the Company achieved net profit of \$464 million, or 13.5% growth over the corresponding period last year. Revenues for the six months grew to \$8.8 billion, or 5.2% more than the corresponding period last year. Gross profit close at \$1.8 billion or 8.1% growth, while gross margin ratio increased to 20.2%, compared to 19.7% for the corresponding period last year.

Total operating expenses during the period were \$1.4 billion, an increase of 13.5% compared to the corresponding period last year. During the period, the company increased its investment in marketing to support the introduction of its new carbonated drinks LYRIX, energy drink KONKA as well as its 50% less sugar LASCO Food drink which were recently launched.

At the end of the second quarter, the Company's non-current assets stood at \$1.7 billion, an increase of \$174 million or 11.1% over the corresponding period last year. This increase resulted from investment in equipment and warehouse infrastructure. Inventories increased by 15.9% over prior year to close at \$2.6 billion. Trade receivables decreased by 2.7% compared to prior year, to close at \$2.0 billion while trade payables increased by 19.8% to close at \$3.5 billion. This brought the ratio of current-assets to current-liabilities to 1.97X, compared to 1.98X in prior year. Cash and short-term Investments, taken together, closed the period at \$1.7 billion compared to \$1.2 billion for the same period last year. To date, the company has repaid a total of \$487 million of the loan borrowed for the warehouse expansion which has a current balance of \$213 million. Total shareholders' equity was \$5.0 billion, which was \$733.7 million or 17.0% over the prior year. The annualized return on equity for the period was 20.3% compared to 20.2% in prior year. Earnings per share closed at \$0.13 in the current period and \$0.12 in the same period last year.

LASCO Distributors Limited continues to recognize our health care professionals for their hard work and dedication to providing quality health care to our citizenry. In July 2018, Denese Dacres Reeves of the Bustamante Hospital for Children was awarded LASCO/Nurse of the year and Desmond Campbell Jr., LASCO/Student Nurse of the year for 2018/2019 at the annual awards ceremonies.

We would like to thank all our customers, shareholders and team members for their continued invaluable support during this period and look forward to further even greater successes.



Peter M. Chin

**Deputy Executive Chairman and Managing Director**

**LASCO Distributors Limited**

## Statement of Comprehensive Income

For six months ended September 30, 2018

*(Unaudited and expressed in Thousands)*

	<b>Unaudited 3 months to 30 Sep 2018</b>	<b>Unaudited 3 months to 30 Sep 2017</b>	<b>Unaudited Year-to-date 30 Sep 2018</b>	<b>Unaudited Year-to-date 30 Sep 2017</b>
	<b>J\$'000</b>	<b>J\$'000</b>	<b>J\$'000</b>	<b>J\$'000</b>
Revenue	4,503,025	4,219,067	8,782,721	8,352,413
Cost of Sales *	(3,598,774)	(3,397,028)	(7,007,028)	(6,709,317)
<b>Gross Profit</b>	<b>904,251</b>	<b>822,038</b>	<b>1,775,693</b>	<b>1,643,095</b>
Other Operating Income	61,227	1,142	103,923	19,571
Operating Expenses *	(716,728)	(591,056)	(1,377,127)	(1,213,467)
Profit from Operations	<b>248,751</b>	<b>232,125</b>	<b>502,490</b>	<b>449,200</b>
Finance Costs	(151)	(105)	(323)	(245)
<b>Profit before Taxation</b>	<b>248,599</b>	<b>232,020</b>	<b>502,166</b>	<b>448,955</b>
Taxation	(18,519)	(20,380)	(38,446)	(40,455)
<b>Net Profit for the period</b>	<b>230,081</b>	<b>211,640</b>	<b>463,721</b>	<b>408,500</b>
Other Comprehensive Income:				
Items that will or may not be reclassified to Profit or Loss - Share option plan	0	1,000	0	4,000
<b>Total Comprehensive Income for the Period</b>	<b>230,081</b>	<b>212,640</b>	<b>463,721</b>	<b>412,500</b>
<b>Earnings per stock unit</b>				
Basic and Diluted	<b>\$ 0.07</b>	<b>\$ 0.06</b>	<b>\$ 0.13</b>	<b>\$ 0.12</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 Financial Position  
as at September 30, 2018

	Notes	Unaudited 30 Sep 2018 \$'000	Unaudited 30 Sep 2017 \$'000	Audited 31 Mar 2018 \$'000
<b>ASSETS:</b>				
<b>Non-Current Assets</b>				
Property, Plant & Equipment		1,616,557	1,432,638	1,481,386
Intangible asset		119,598	129,578	133,569
		<u>1,736,155</u>	<u>1,562,216</u>	<u>1,614,955</u>
<b>Current Assets</b>				
Inventories		2,555,778	2,205,482	2,483,422
Receivables	4	2,750,779	2,672,251	2,491,497
Related Companies		112,135	101,444	38,504
Directors Current Account		13,677	19,672	18,335
Taxation recoverable		693	24,307	25,613
Short term Investments		203,424	377,562	118,686
Cash and Bank Balances		1,494,578	859,886	1,719,254
<b>Total Current Assets</b>		<u>7,131,065</u>	<u>6,260,602</u>	<u>6,895,311</u>
<b>TOTAL ASSETS</b>		<u>8,867,220</u>	<u>7,822,818</u>	<u>8,510,266</u>
<b>EQUITY AND LIABILITIES:</b>				
<b>Current Liabilities</b>				
Payables	5	3,604,556	3,059,052	3,596,852
Taxation Payable		(2,285)	84,357	65,587
Current Portion of Long term loans		40,000	135,000	88,333
<b>Total Current Liabilities</b>		<u>3,642,271</u>	<u>3,278,409</u>	<u>3,750,772</u>
<b>Non-Current Liabilities</b>				
Long Term Debt		173,333	216,667	173,333
Deferred Tax Liability		11,241	21,049	16,307
<b>Total Non-Current Liabilities</b>		<u>184,574</u>	<u>237,716</u>	<u>189,640</u>
<b>Shareholders' Equity</b>				
Share Capital	6	435,815	319,051	428,782
Revaluation reserves		75,387	75,387	75,387
Other reserves		23,252	57,296	23,252
Retained Earnings		4,505,920	3,854,958	4,042,433
<b>Total Shareholders' Equity</b>		<u>5,040,374</u>	<u>4,306,694</u>	<u>4,569,854</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>8,867,220</u>	<u>7,822,818</u>	<u>8,510,266</u>

Approved for issue by the Board of Directors on November 02, 2018 and signed on its behalf by:



Hon. Lascelles Chin, O.J., C.D.  
Executive Chairman



Peter Chin  
Deputy Executive Chairman and  
Managing Director

LASCO Distributors Limited  
**Statement of Cashflows**  
For six months ended September 30, 2018

	Unaudited 30 Sep 2018 J\$'000	Unaudited 30 Sep 2017 J\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit	463,721	408,500
Items not affecting cash		
Stock Options - value of services expensed	0	4,000
Depreciation	64,565	46,298
Interest Income	(7,848)	(5,503)
Interest Expense	323	245
<b>Items not affecting cash</b>	<b>57,040</b>	<b>45,039</b>
<b>Change in Operating Assets and Liabilities</b>		
Inventories	(71,732)	201,253
Receivables	(293,192)	(567,856)
Directors current account	4,658	(1,239)
Related companies	(73,631)	(26,763)
Taxation	(50,522)	24,031
Payables	44,214	154,300
<b>Changes in non-cash working capital components</b>	<b>(440,205)</b>	<b>(216,274)</b>
<b>Cash provided by Operating Activities</b>	<b>80,555</b>	<b>237,265</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	7,129	10,274
Short term Investments	(84,738)	(57,604)
Acquisition of Property, Plant & Equipment	(185,764)	(187,956)
<b>Net Cash used in Investing Activities</b>	<b>(263,374)</b>	<b>(235,286)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest Paid	(323)	(245)
Loan Paid	(48,333)	(131)
Dividend paid	(234)	(154,984)
Issue of Shares	7,033	1,040
<b>Cash provided/(used in) by Financing Activities</b>	<b>(41,857)</b>	<b>(154,320)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(224,676)</b>	<b>(152,341)</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>1,494,578</b>	<b>859,886</b>

LASCO Distributors Limited

**Statement of Changes in Shareholders' Equity**

For six months ended September 30, 2018

	Share Capital	Revaluation Reserve	Other Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
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>
Balance at 1 April 2018	428,782	75,387	23,252	4,042,433	4,569,854
Current year profits	0	0	0	463,721	463,721
Other Comprehensive Income	0	0	0	0	0
Transfer from Other reserves	0	0	0	0	0
Issue of Shares	7,033	0	0	0	7,033
Dividends Paid	0	0	0	(234)	(234)
<b>Balance as at September 30, 2018</b>	<b>435,815</b>	<b>75,387</b>	<b>23,252</b>	<b>4,505,920</b>	<b>5,040,374</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 2018.

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**

	<u>Sep-18</u> <u>\$'000</u>	<u>Mar-18</u> <u>\$'000</u>
Trade Receivables		
Roche Diagnostics	413,648	346,380
Regular Trade	<u>1,574,181</u>	<u>1,651,390</u>
	1,987,829	1,997,770
Less: Provision for Bad Debts	<u>(20,667)</u>	<u>(18,065)</u>
	1,967,163	1,979,705
Other Receivables	<u>783,616</u>	<u>511,792</u>
	<u>2,750,779</u>	<u>2,491,497</u>

**5. PAYABLES**

	<u>Sep-18</u> <u>\$'000</u>	<u>Mar-18</u> <u>\$'000</u>
Trade Payables		
Roche Diagnostics	332,005	545,071
Regular Trade	<u>3,131,712</u>	<u>2,443,218</u>
	3,463,717	2,988,289
Other Payables & Accruals	<u>140,839</u>	<u>608,563</u>
	<u>3,604,556</u>	<u>3,596,852</u>

**6. SHARE CAPITAL**

	<u>Sep-18</u> <u>\$'000</u>	<u>Mar-18</u> <u>\$'000</u>
Authorised - 3,630,000,000 ordinary shares of no par value		
Stated capital – Issued and fully paid – 3,497,615,571 (2018 – 3,486,361,000) ordinary shares		
of no par value	<u>435,815</u>	<u>428,782</u>