



LASCO DISTRIBUTORS LIMITED

THIRD QUARTER

UNAUDITED FINANCIAL REPORT

NINE MONTHS ENDED DECEMBER 31, 2018

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REPORT TO THE SHAREHOLDERS

For nine months ended December 31, 2018

The Directors are pleased to present the unaudited financial statements of LASCO Distributors Limited for the quarter ended December 31, 2018.

The Company recorded 24.0% growth in net profit and 17.0% growth in revenue for the three months ended December 31, 2018. Net profit generated for the period was \$157.1 million compared to \$126.7 million for the corresponding period last year. Revenues for the period was \$4.55 billion compared to \$3.89 billion over the same period last year.

For the nine months ended December 31, 2018, the Company achieved net profit of \$621 million, or 16.0% growth over the corresponding period last year. Revenues for the nine months grew to \$13.3 billion, or 8.9% more than the corresponding period last year. Gross profit closed at \$2.6 billion or 9.8% growth, while gross margin ratio increased to 19.7%, compared to 19.5% for the corresponding period last year. Total operating expenses during the period were \$2.1 billion, an increase of 13.6% compared to the corresponding period last year. This was primarily due to start-up marketing cost for newly launched brands, as well as increases in insurance and depreciation expenses relating to the warehouse expansion and other capital investments for increased operational capacity.

At the end of the quarter, the Company's non-current assets stood at \$1.9 billion, an increase of \$331 million or 20.8% over the corresponding period last year. This increase resulted from investment in equipment and warehouse infrastructure. Inventories increased by 0.9% over prior year to close at \$2.5 billion. Trade receivables increased by 3.7% compared to prior year, to close at \$2.0 billion while trade payables increased by 3.3% to close at \$3.1 billion. This brought the ratio of current-assets to current-liabilities to 2.08X, compared to 1.96X in prior year. Cash and short-term Investments, taken together, closed the period at \$1.3 billion compared to \$997 million for the same period last year. To date, the company has repaid a total of \$507 million of the loan borrowed for the warehouse expansion which has a current balance of \$193 million. Total shareholders' equity was \$5.2 billion, which was \$718.6 million or 16.0% over the prior year. The annualized return on equity for the period was 18.1% compared to 17.6% in prior year. Earnings per share closed at \$0.18 in the current period and \$0.16 in the same period last year.

LASCO continues to recognize our educators for their hard work and dedication to the country. In December 2018, Mrs. Margaret Campbell of the St. Georges College was awarded the 2018/19 LASCO /Ministry of Education Youth & Information (MOEYI) Principal of the Year and Mr. Amorkard Brown of the Munro College was awarded LASCO/MOEYI Teacher of the Year at the annual awards ceremony held at the Jamaica Pegasus Hotel in Kingston.

We wholeheartedly thank our consumers, customers, shareholders and team members for their continued trust and support during this period. We look forward to even greater successes as we continue to bring quality and affordable pharmaceutical and consumer products to consumers both locally and overseas.



Peter M. Chin

Deputy Executive Chairman and Managing Director

LASCO Distributors Limited

Statement of Comprehensive Income

For nine months ended December 31, 2018

(Unaudited and expressed in Thousands)

	Unaudited	Unaudited	Unaudited	Unaudited
	3 months to	3 months to	Year-to-date	Year-to-date
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
	J\$'000	J\$'000	J\$'000	J\$'000
Revenue	4,548,059	3,888,187	13,330,780	12,240,599
Cost of Sales*	(3,697,472)	(3,138,706)	(10,704,500)	(9,848,023)
Gross Profit	850,587	749,481	2,626,280	2,392,577
Other Operating Income/(Loss)	69,392	49,841	173,315	69,412
Operating Expenses*	(754,074)	(662,398)	(2,131,201)	(1,875,865)
Profit from Operations	165,905	136,924	668,394	586,124
Finance Costs	(151)	(109)	(474)	(354)
Profit before Taxation	165,754	136,815	667,920	585,770
Taxation	(8,622)	(10,095)	(47,067)	(50,550)
Net Profit for the period	157,132	126,719	620,853	535,220
Other Comprehensive Income:				
Items that will or may not be reclassified to Profit or Loss -				
Share option plan	0	3,000	0	7,000
Total Comprehensive Income for the Period	157,132	129,719	620,853	542,220
Earnings per stock unit				
Basic and Diluted	\$ 0.04	\$ 0.04	\$ 0.18	\$ 0.16

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

LASCO Distributors Limited
Statement of Financial Position
as at December 31, 2018

	Notes	Unaudited 31 Dec 2018 \$'000	Unaudited 31 Dec 2017 \$'000	Audited 31 Mar 2018 \$'000
ASSETS:				
Non-Current Assets				
Property, Plant & Equipment		1,792,165	1,450,463	1,481,386
Intangible asset		112,612	140,018	133,569
Financial assets at fair value through other comprehensive income		16,349	0	0
		<u>1,921,126</u>	<u>1,590,481</u>	<u>1,614,955</u>
Current Assets				
Inventories		2,474,724	2,453,194	2,483,422
Receivables	4	2,797,563	2,606,517	2,491,497
Related Companies		106,758	412,132	38,504
Directors Current Account		15,297	19,345	18,335
Taxation recoverable		1,279	25,099	25,613
Short term Investments		197,857	118,505	118,686
Cash and Bank Balances		1,097,384	878,725	1,719,254
Total Current Assets		<u>6,690,862</u>	<u>6,513,518</u>	<u>6,895,311</u>
TOTAL ASSETS		<u>8,611,988</u>	<u>8,103,999</u>	<u>8,510,266</u>
EQUITY AND LIABILITIES:				
Current Liabilities				
Payables	5	3,210,511	3,184,227	3,596,852
Taxation Payable		(6,135)	95,679	65,587
Current Portion of Long term loans		20,000	45,000	88,333
Total Current Liabilities		<u>3,224,376</u>	<u>3,324,905</u>	<u>3,750,772</u>
Non-Current Liabilities				
Long Term Debt		173,333	270,000	173,333
Deferred Tax Liability		7,876	21,246	16,307
Total Non-Current Liabilities		<u>181,209</u>	<u>291,246</u>	<u>189,640</u>
Shareholders' Equity				
Share Capital	6	444,712	371,526	428,782
Revaluation reserves		75,387	75,386	75,387
Other reserves		23,252	59,256	23,252
Retained Earnings		4,663,051	3,981,678	4,042,433
Total Shareholders' Equity		<u>5,206,402</u>	<u>4,487,847</u>	<u>4,569,854</u>
TOTAL EQUITY AND LIABILITIES		<u>8,611,988</u>	<u>8,103,998</u>	<u>8,510,266</u>

Approved for issue by the Board of Directors on February 4, 2019 and signed on its behalf by:

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

Peter M. Chin
Deputy Executive Chairman and
Managing Director

LASCO Distributors Limited
Statement of Cashflows
For nine months ended December 31, 2018

	Unaudited 31 Dec 2018 J\$'000	Unaudited 31 Dec 2017 J\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit	620,853	535,220
Items not affecting cash		
Stock Options - value of services expensed	0	7,000
Depreciation	103,969	69,545
Loss/(Gain) on Disposal of PPE	0	83
Interest Income	(12,711)	(14,205)
Interest Expense	474	354
Items not affecting cash	91,732	62,777
Change in Operating Assets and Liabilities		
Inventories	9,322	(46,458)
Receivables	(340,631)	(497,407)
Directors current account	3,038	(913)
Related companies	(68,254)	(337,452)
Taxation	(58,323)	34,756
Payables	(349,831)	279,474
Changes in non-cash working capital components	(804,679)	(568,000)
Cash provided by Operating Activities	(92,094)	29,997
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	12,647	14,261
Short term Investments	(79,171)	201,453
Payments for financial assets at fair value through other comprehensive income	(16,349)	0
Acquisition of Property, Plant & Equipment	(393,791)	(239,552)
Net Cash used in Investing Activities	(476,664)	(23,838)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest Paid	(474)	(354)
Loan received	(68,333)	(36,797)
Dividend paid	(234)	(154,984)
Issue of Shares	15,930	52,475
Cash provided/(used in) by Financing Activities	(53,112)	(139,661)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(621,870)	(133,502)
Cash and cash equivalents at the beginning of the period	1,719,254	1,012,227
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1,097,384	878,725

LASCO Distributors Limited
Statement of Changes in Shareholders' Equity
For nine months ended December 31, 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	4,048,136
Current year Profits	0	0	0	535,220	535,220
Other Comprehensive Income	0	0	7,000	0	7,000
Transfer from Other reserves	0	0	0	0	0
Issue of shares	52,475	0	0	0	52,475
Dividends Paid	0	0	0	(154,984)	(154,984)
Balance as at December 31, 2017	371,526	75,387	59,256	3,981,678	4,487,847
Balance at 1 April 2018	428,782	75,387	23,252	4,042,433	4,569,854
Current year profits	0	0	0	620,853	620,853
Other Comprehensive Income	0	0	0	0	0
Transfer from Other reserves	0	0	0	0	0
Issue of Shares	15,930	0	0	0	15,930
Dividends Paid	0	0	0	(234)	(234)
Balance as at December 31, 2018	444,712	75,387	23,252	4,663,051	5,206,402

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>Dec-18</u>	<u>Mar-18</u>
	<u>\$'000</u>	<u>\$'000</u>
Trade Receivables		
Roche Diagnostics	352,932	346,380
Regular Trade	<u>1,681,360</u>	<u>1,651,390</u>
	<u>2,034,292</u>	<u>1,997,770</u>
Less: Provision for Bad Debts	<u>(30,654)</u>	<u>(18,065)</u>
	<u>2,003,638</u>	<u>1,979,705</u>
Other Receivables	<u>793,925</u>	<u>511,792</u>
	<u>2,797,563</u>	<u>2,491,497</u>

5. PAYABLES

	<u>Dec-18</u>	<u>Mar-18</u>
	<u>\$'000</u>	<u>\$'000</u>
Trade Payables		
Roche Diagnostics	185,675	545,071
Regular Trade	<u>2,866,823</u>	<u>2,443,218</u>
	<u>3,052,497</u>	<u>2,988,289</u>
Other Payables & Accruals	<u>158,014</u>	<u>608,563</u>
	<u>3,210,511</u>	<u>3,596,852</u>

6. SHARE CAPITAL

	<u>Dec-18</u>	<u>Mar-18</u>
	<u>\$'000</u>	<u>\$'000</u>
Authorised -		
3,630,000,000 ordinary shares of		
no par value		
Stated capital –		
Issued and fully paid –		
3,498,104,946 (2017 – 3,486,361,000)		
ordinary shares of no par value	<u>444,712</u>	<u>428,782</u>