LASCO 2019 ANNUAL REPORT

LASCO
Distributors Limited

MISSION & VISION STATEMENT

VISION STATEMENT

To become a global corporate leader, through innovation and entrepreneurship. Driven by a passion for excellence and compassion for our fellowman, we will make LASCO a world name, synonymous with integrity, value and service.

MISSION STATEMENT

To provide quality products and services to our customers, ensure profitability and promote employee development.

Being the best ..... Always.

@LASCOGOODNESS

LASCO FOOD DRINK IS WINNING NUTRITION AND VALUE

7g PROTEIN FOR MUSCLE HEALTH

25% DAILY CALCIUM NEEDS

FORTIFIED with IRON VITAMINS AND MINERALS

*PER SERVING

NUTRITION NEVER TASTED SO GOOD

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of **LASCO DISTRIBUTORS LIMITED** will be held at the Knutsford Court Hotel on Monday, September 23, 2019 at 1:00 p.m. for the following purposes:

Ordinary Resolutions

1. Audited Accounts

To consider and if thought fit, pass the following resolution:

"THAT the Audited Accounts for the year ended March 31, 2019 and the Reports of the Directors and Auditors, circulated with notice convening the meeting, be and are hereby received and adopted."

2. Ratification of Dividend

To consider and if thought fit, pass the following resolution:

"THAT the Interim Dividend of $0.117 per stock unit paid on April 30, 2018 to stockholders on record at the close of business on April 13, 2018, be declared final for the year 2018."

3. Election of Directors

(A) **Article 97** of the Company's Articles of Incorporation provides that one-third of the Directors, if their number is not three (3) or a multiple of three (3), the number nearest one-third (1/3), shall retire from office at each Annual General Meeting.

Article 98 of the Company's Articles of Incorporation provides that the Directors to retire in every year shall be those who have been longest in office since their last election.

The Directors retiring under these Articles are **Mr. Vincent A. Chen** and **Dr. Eileen A. Chin** and being eligible, offer themselves for re-election.

To consider and if thought fit, pass the following resolution:

(i) **"THAT** retiring Director, **Mr. Vincent A. Chen**, be and is hereby re-elected a Director of the Company."

To consider and if thought fit, pass the following resolution:

(ii) **"THAT** retiring Director, **Dr. Eileen A. Chin,** be and is hereby re-elected a Director of the Company."

(B) **Article 93** of the Company's Articles of Incorporation empowers the directors at any time to appoint any other person to be a director of the Company, either to fill a casual vacancy or as an addition to the Board, but so that the total number of directors shall not at any time exceed the maximum number fixed as herein before mentioned. Any director so appointed shall hold office only until the next following annual general meeting, when he shall retire but shall be eligible for re-election.

The Director retiring under this Article is **Mr. Kenneth Sylvester** who was appointed on March 28, 2019, and being eligible offer himself for re-election.

To consider and if thought fit pass the following resolution:

(i) **"THAT** retiring Director **Mr. Kenneth Sylvester**, be and is hereby re-elected a Director of the Company."

4. Directors Remuneration

Article 77 of the Articles of Incorporation empowers the Directors or any appropriate Committee of the Board of Directors to fix the remuneration of the Directors.

To consider and if thought fit, pass the following resolution:

"THAT the remuneration of the Directors be fixed by the Compensation Committee of the Board."

Article 111 empowers the Directors, or any appropriate Committee of the Board of Directors to determine the remuneration of the Managing Director.

To consider and if thought fit, pass the following resolution:

"THAT the remuneration of the Managing Director be fixed by the Compensation Committee of the Board."

5. Remuneration of Auditors

To consider and if thought fit, pass the following ordinary resolution:

"THAT the remuneration of the Auditors, BDO, be fixed by the Directors of the Company."

Dated this 18th day of June, 2019
BY ORDER OF THE BOARD

Vincent A. Chen
COMPANY SECRETARY

NOTE:
1. A Member of the Company entitled to attend and vote at this meeting is entitled to appoint another person as his/her Proxy to attend and vote in his/her stead, and a Proxy need not be a Member of the Company.
2. All Members are entitled to attend and vote at the meeting.
3. Enclosed is a form of Proxy which must be deposited with the Secretary at the registered office of the Company not less than 48 hours before the time appointed for holding the meeting or to the Registrar and Transfer Agent, Jamaica Central Securities Depository, 40 Harbour Street, Kingston.

CORPORATE DATA

As at March 31, 2019

REGISTERED OFFICE

LASCO Distributors Limited
27 Red Hills Road
Kingston 10
Jamaica, W.I.
Tel: (876) 968-3456-65
Fax: (876) 929-7622
Website: www.lascojamaica.com

SEGMENT LOCATION

LASCO Pharmaceutical Division
27 Red Hills Road
Kingston 10
Jamaica, W.I.
Tel: (876) 968-3456-65
(876) 929-7633
Fax: (876) 929-7622

LASCO Consumer Division
White Marl, St. Catherine
Tel: (876) 749-2967-9
(876) 749-5272
Fax: (876) 749-2966

BOARD OF DIRECTORS

Executive Directors
Lascelles Chin, O.J., C.D., LLD (Hon. Causa)
Executive Chairman

Peter Chin
Deputy Executive Chairman / Managing Director

Non-Executive Directors
Colin Maxwell, FCA, FCCA
Eileen Chin, MBA
James Rawle
Kenneth Hall O.N., G.C.M.G., O.J.
Jacinth Hall-Tracey, MBA
Gary Peart, MBA
Vincent Chen
Kenneth Sylvester

Mrs. Shellyann Jackson
Financial Controller

Mr. Vincent Chen
Company Secretary

ATTORNEYS-AT-LAW

Chen Green & Company
6 Haining Road
Kingston 5
Jamaica, West Indies

BANKERS

First Caribbean International Bank Jamaica Limited
23-27 Knutsford Boulevard
Kingston 5
Jamaica, West Indies

Bank of Nova Scotia Jamaica Limited
Cnr. Duke & Port Royal Streets
Kingston
Jamaica, West Indies

National Commercial Bank Jamaica Limited
94 Half Way Tree Road
Kingston 10
Jamaica, West Indies.

AUDITORS

BDO
26-28 Beechwood Avenue
Kingston 5
Jamaica, West Indies

REGISTRAR AND TRANSFER AGENTS

Jamaica Central Securities Depository Limited
40 Harbour Street
Kingston
Jamaica, West Indies

SHAREHOLDERS' PROFILE

Top Ten Shareholders as at March 31, 2019

NAME	VOLUME	PERCENTAGES
East West (St. Lucia) Limited	1,649,551,260	47.03
Lascelles A. Chin	1,019,337,780	29.06
Mayberry Jamaican Equities Limited	66,691,654	1.90
Yuan Liao	30,160,300	0.86
Pam-Pooled Equity Fund	27,487,965	0.78
Manwei International Limited	21,737,102	0.62
Wayne M. Chin	24,017,860	0.68
Joel Izquierdo Gonzalez	21,737,102	0.62
JCSD Trustee Services Limited. A/C#76579-02	21,290,062	0.60
Peter M. Chin	20,000,000	0.57

Shareholdings of Directors and Connected Parties as at March 31, 2019

NAME/PRIMARY HOLDER	POSITION *CONNECTED PARTY	UNITS	PERCENTAGES
Lascelles Chin		1,019,337,780	29.2211
	*Eileen Chin - Direct	{15,116,165}	0.4331
	*East West (St. Lucia) Ltd.	1,649,551,260	47.2873
Eileen Chin		15,116,165	0.4331
	*Lascelles Chin - Direct	{1,019,337,780}	29.2211
Peter Chin		25,257,522	0.7201
	*Kamla Chin	{14,000,000}	0.4013
Kenneth Hall		2,753,000	0.0789
Gary Peart		1,397,000	0.0400
Vincent Chen		1,000,000	0.0294
Colin Maxwell		0	0.0000
James Rawle		0	0.0000
Jacinth Hall-Tracey		0	0.0000
Kenneth Sylvester		0	0.0000

*Connected Party

Shareholdings of Senior Managers and Connected Parties as at March 31, 2019

NAME/PRIMARY HOLDER	POSITION *CONNECTED PARTY	UNITS	PERCENTAGES
Peter Chin		23,257,522	0.7201
	*Kamla Chin	{14,000,000}	0.3991
Shellyann Jackson		0	0.0000
Paul Shoucair		0	0.0000
Christine Bucknor		0	0.0000
Peter Hylton		0	0.0000
Dwaine Williams		0	0.0000
Hortense Edwards		0	0.0000

FIVE YEAR FINANCIAL REVIEW

FIRST CALENDAR YEAR OF DATA	**2015**
NUMBER OF YEARS OF DATA	**5**
REPORTING VALUES	**$'000**

	2019	2018	2017	2016	2015
Number of Shares Issued ('000)	3,507,259	3,486,361	3,424,463	3,400,429	3,373,931
Stock Holders Equity	$5,188,987	$4,569,854	$4,048,136	$3,558,044	$2,882,961
Percentage increase over prior year	**13.5%**	**12.9%**	**13.8%**	**23.4%**	**20.3%**
Market Capitalisation	**$13,047,007**	**$14,154,627**	**$22,601,453**	**$19,552,466**	**$4,655,200**
Total Borrowings	**$540,000**	**$261,666**	**$351,797**	**$207,708**	**$2,182**

INCOME STATEMENT	2019	2018	2017	2016	2015
Revenue	$18,130,689	$16,269,083	$15,803,329	$14,549,098	$11,149,892
Percentage increase/ decrease over prior year	**11.4%**	**2.9%**	**8.6%**	**30.5%**	**17.8%**
Profit before Taxation	$691,942	$1,079,369	$686,892	$757,495	$546,730
Percentage increase/ decrease over prior year	**-35.9%**	**57.1%**	**-9.3%**	**38.6%**	**-6.9%**
Profit after Taxation	$597,781	$1,003,879	$609,678	$716,751	$546,730
Percentage increase over prior year	**-40.5%**	**64.7%**	**-14.9%**	**31.1%**	**-6.9%**
Net Profit Attributable to Stockholders	$597,781	$1,003,879	$609,678	$716,751	$546,730
Percentage increase/ decrease over prior year	**-40.5%**	**64.7%**	**-14.9%**	**31.1%**	**-6.9%**
Total Comprehensive Income	$610,608	$1,014,183	$640,335	$740,768	$579,541
Percentage increase/ decrease over prior year	**-39.8%**	**58.4%**	**-13.6%**	**27.8%**	**-1.3%**

IMPORTANT RATIOS					
Debt to Equity Ratio	10.4%	5.7%	8.7%	5.8%	0.1%
Return on Equity	11.5%	22.0%	15.1%	20.1%	19.0%
Profit before Taxation/Sales	3.8%	6.6%	4.3%	5.2%	4.9%
Return on Asset	6.9%	11.8%	8.2%	11.0%	10.2%
Quick Ratio	1.25	1.18	1.13	1.28	1.16
Current Ratio	1.99	1.84	1.89	1.96	1.94
Return on Sales	3.3%	6.2%	3.9%	4.9%	4.9%
Shareholders Equity per Stock unit	$1.48	$1.31	$1.18	$1.05	$0.85
Earning per Stock Unit-basic	$0.17	$0.29	$0.18	$0.21	$0.16
Closing Stock Price - JSE	$3.72	$4.06	$6.60	$5.75	$1.37
Price Earning ratio	21.83	14.10	37.07	27.28	8.45

LASCO
LYRIX
SOFT DRINK
This is the best tasting
Ginger Beer &
Kola Champagne
you will ever have.
#LYRIXLYRIX
LYRIX

"Our 30 year milestone is not a plateau, but rather a launching pad for our sustained success. The innovation and dedication of the LASCO team along with the loyalty of customers and consumers continue to bear the fruits of increased citizen and shareholder benefits ."

Hon. Lascelles Chin, O.J., C.D., LLD. (Hon. Causa)
EXECUTIVE CHAIRMAN

EXECUTIVE CHAIRMAN'S STATEMENT

For the 2018/2019 financial year, LASCO Distributors delivered strong revenue growth of 11% or $1.86 billion over prior year to $18.13 billion. Gross profit grew by 12% or $377.03 million over prior year to $3.55 billion.

Net profit dipped by 40% or $406.09 million over prior year to $597.78 million, attributable to $273 million proceeds from the Pfizer award in the prior year, along with increased marketing investment to support our brands continued growth in the highly competitive market space. Earnings per share was $0.17 down from $0.29 in the prior year.

The increased investment over the year in the marketing of core focus categories such as liquid beverages has delivered strong growth for our soda, water and flavoured water products. Our powdered beverage business also delivered good growth through our iconic flagship brand LASCO food drink. The distribution expansion drive to reach more customers delivered gains in putting our products on the shelves of more retailers and in the hands of more shoppers.

Our Pharmaceutical Division continues to deliver strongly to the overall performance of the business, driven by healthy growth in ethical drugs, diagnostics and over-the-counter categories. New product lines from Merck, AstraZeneca and Aspen have expanded the range of offerings and have set us on a path to continue our accelerated growth in the Pharmaceutical sector.

We are pleased to report that LASCO Distributors Limited is celebrating our 30th anniversary and we stand proud that the LASCO brand is well known for "Making Living Affordable". This milestone achievement is testament of the hard work of the LASCO team and the enduring favour of our customers and consumers.

The portfolio rationalisation process was completed and the business is now firmly focused on the products and categories where we can win.

Armed with impressive product lines, unrivalled brand loyalty, improved operational efficiency, increase fleet and warehouse resources and an energised team, our outlook for the 2019/2020 financial year is extremely positive. Innovative new products, prudent fiscal management and talent development will be central to our performance ambitions for the year.

We take this opportunity to thank the Board for their astute guidance and support, the management team and the LASCO family for their innovation and drive. Shareholders, you have our thanks for your continued investment in LASCO.

Together, we share a commitment to providing "Everyday Family Values".

DIRECTORS' PROFILES

Hon. Lascelles Chin, O.J., C.D., LLD. (Hon. Causa)
EXECUTIVE CHAIRMAN

Recipient of the Order of Jamaica for his philanthropy and contribution to the development of commerce in Jamaica. Lascelles Chin is the Executive Chairman and founder of the LASCO Affiliated Companies.

This Jamaican born entrepreneur who ventured into the field of business in 1956, found opportunities in a variety of sectors; the import of spices and teas, sales of adhesives through his partnership with Henkel, furniture manufacturing, data processing, car rentals, horticulture, insurance brokerage, hair products, soya oil refining and chicken processing. Based on his wealth of knowledge, business experience and being always mindful of his humble beginnings, the Chairman constantly sought to develop and distribute affordable products.

The Chairman shares his ideas and energy with business colleagues and has contributed greatly to prominent Jamaican organizations such as the Jamaica Industrial Development Corporation, the Jamaica Exporters' Association and the Jamaica Promotions Corporation (JAMPRO). He is a Director of the University of the West Indies' School of Nursing Advisory Board and the Kings House Foundation. He is also the Executive Chairman of the Board of LASCO Manufacturing Limited and LASCO Financial Services Limited. Mr. Chin is also a director of LASVAC Limited.

The Chairman has also been listed among the top 10 personalities in Jamaica published by the Jamaica Observer on several occasions. In 2011 he was inducted in the Private Sector of Jamaica (PSOJ) Hall of Fame. In 2015, he received Honorary Doctor of Laws Degree from the University of Technology Jamaica. In 2016, The Hon. Lascelles Chin was a recipient of the International Achievement "Peacock Award" from the American Friends of Jamaica in Miami, Florida, a Lifetime Achievement Award, American Chamber of Commerce and an Honorary Doctor of Humane Letters Degree from Northern Caribbean University.

MR. PETER M. CHIN
DEPUTY EXECUTIVE CHAIRMAN / MANAGING DIRECTOR

Mr. Peter M. Chin was appointed Managing Director of LASCO Distributors Limited in November, 2011. In April 2016, he was also appointed Deputy Executive Chairman. Mr. Chin has over 20 years' experience in the distribution industry and has held several senior management positions at LASCO Distributors Limited. Some of the positions held include Logistics Manager with responsibility for distribution and procurement, Marketing Manager and General Manager for the Consumer Division.

Mr. Chin has gained wide experience in various functional areas such as logistics, procurement, sales, marketing, operations and new-product development. Over the years he has developed a reputation for strong people-management skills and sound leadership. Mr. Chin's performance in these key areas of the business prepared him for the top managerial position which he now holds.

Mr. Chin has managed the oversight of several mission-critical projects, leading the modernization of the distribution center infrastructure and heading the steering committee that implemented the system-wide ERP network software now in place at the Company. Currently Mr. Chin serves on the board of directors for LASCO Financial Services Limited and LASCO Manufacturing Limited.

DR. EILEEN A. CHIN, MBA
NON-EXECUTIVE DIRECTOR

Dr. Eileen A. Chin is a Non-Executive Director of the Company. Born in Havana City, Cuba, Dr. Chin holds a post graduate degree in medicine from the Havana University School of Medicine. She specialized and taught histology from 1993 to 1998 at the Girón School of Medicine, and migrated to Jamaica in 1998.

Dr. Chin joined the LASCO Group of Companies in 1999 serving in several positions including marketing, product and label development and international business development for Central and South American markets. She was appointed General Manager of LASCO Foods (Successors) Limited in 2008 and in 2010 was appointed Managing Director prior to the name change to LASCO Manufacturing Limited.

Dr. Chin holds an MBA in Global Management and has received knowledge and skills development training in Advanced Negotiation, Risk Management and Lean Six Sigma.

Dr Chin currently serves as a member of the Board of Directors of LASCO Financial Services Limited and Portia Simpson Miller Foundation.

MRS. JACINTH HALL-TRACEY, BA (HONS.), MBA
NON-EXECUTIVE DIRECTOR

Mrs. Jacinth Hall-Tracey joined the Company in 2004 as General Manager for both LASCO Financial Service Limited and LASCO Remittance Services Limited. In 2009 she was appointed to the Board of LASCO Financial Services Limited which later amalgamated with LASCO Remittance Services and LASCO Properties to form LASCO Financial Service Limited.

Under her leadership the Company has grown its services, to reach into the Caribbean and brand presence in the diaspora. The company is also positioned as a key industry player in the remittance, cambio and loans markets.

Mrs. Hall-Tracey is a member of the Jamaica Money Remitters Association, Past President of the Cambio Association of Jamaica, member of the Working Group on International Migration and Development, a member of the Stakeholder Advisory Group on Financial Inclusion and member of Jamaica Micro-Finance Association.

She sits on the Board of LASCO Distributors Limited and has over 27 years management experience, 17 of which have been in the Financial Services Industry. She holds an MBA from Herriot Watt University, Edinburgh Business School.

MR. JAMES RAWLE
NON-EXECUTIVE DIRECTOR

Mr. James Rawle was appointed Non-Executive Director to the Board of Directors of LASCO Distributors and LASCO Financial Services Limited. He pursued undergraduate studies in Natural Science at the University of the West Indies from which he also holds the Master of Science degree in Organic Chemistry. He brings to the Board a wealth of knowledge and experience, having served in various senior managerial positions, at one of the leading multinational food companies in the world for over 41 years. His extensive training in Organic Chemistry has been the base for his far-reaching work in manufacturing, new product research and development, as well as production and plant management. He also has extensive functional experience in brand management, sales, marketing, finance and strategy formulation and execution.

Mr. Rawle has been past Chairman of the Board of the Bureau of Standards and of several Public entities, including The Scientific Research Council, The Natural Resources Conservation Authority, The Environmental Foundation of Jamaica, Nutrition Products Limited and The Cocoa Industry Board.

MR. COLIN MAXWELL
INDEPENDENT/NON - EXECUTIVE DIRECTOR

Mr. Colin Maxwell was appointed Non-Executive Director to the Board of Directors of LASCO Distributors Limited effective from January 26, 2018 to present. Mr. Maxwell brings a wealth of knowledge and experience to the Board with over 37 years' experience in Public Accounting. He has worked with PricewaterhouseCoopers having joined the firm in 1978 and in 1991 he was admitted partnership.

Mr. Maxwell served as the firm's Managing Partner, Assurance Leader, Risk Management Partner and Learning and Education Partner. On the 1st of July, 2011, he became Jamaica's Territory Senior Partner until his retirement on June 30, 2015.

Mr. Maxwell was a pioneer in computer audit in Jamaica, having been trained as a computer audit specialist in Canada and the United Kingdom, early in his career. He had also done a short tour of duty in Canada. Mr. Maxwell is a former member of the Company's Law Reform Committee of the Institute of Chartered Accountants of Jamaica. He has presented papers at seminars on topics such as computer assisted auditing techniques and the audit implications of new banking regulations. He has had extensive experience in leading audit engagements for a wide range of clients across varying industries.

Mr. Maxwell is a graduate of the College of Arts Science and Technology (now University of Technology) where he received a Diploma in Accounting (Hons.). Continuing his studies and gaining experience, he became a Fellow of the Association of Chartered Certified Accountants based in the United Kingdom and the Institute of Chartered Accountants of Jamaica.

THE MOST HON. PROFESSOR SIR KENNETH HALL, O.N. G.C.M.G, O.J.
INDEPENDENT/NON - EXECUTIVE DIRECTOR

The Most Honourable Professor Kenneth Hall holds a Doctorate of Philosophy Degree in history from Queen's University, Ontario, Canada. He served as Governor General of Jamaica of Jamaica from 2006 -2009. Prior to serving as Governor General, he was Pro-Vice–Chancellor and Principal of The University of the West Indies, Mona Campus. In 2009, he was appointed an Honorary Distinguished Fellow of the Mona School of Business.

The Most Honourable Professor Kenneth Hall worked to advance regional integration during his tenure at the CARICOM Secretariat from 1975 to 1977 and 1994 to 1996. He is a prolific writer and has published several books, articles and reviews. In 2004, he was awarded the Order of Jamaica for his contribution to education and regional development.

MR. GARY PEART, MBA
NON-EXECUTIVE DIRECTOR

Gary Peart joined Mayberry Investments Limited in May 2005 as Chief Executive Officer after developing his management techniques throughout the financial industry over the course of about 20 years. During this time, he gained experience in almost every business line, including Corporate Finance, Equity, Fixed Income and Treasury Management, all of which prepared him for his current role as CEO.

After being appointed to the Board of Directors only a year later in 2005, Peart has served as Director at Mayberry Investments Limited and at several other well-known Jamaican entities. Currently, he sits on the Board of Lasco Distributors Limited, Port Authority of Jamaica, Jamaica Anti-Doping Commission and Mona School of Business.

He is Chairman of the Boards of Jamaica Bauxite Institute and Betting Gaming and Lotteries Commission. He is also an alternate Board member of the Jamaica Stock Exchange and currently serves as Vice president of the Jamaica Securities Dealers Association.

Mr. Peart has a B.Sc. in Economics from the University of the West Indies (Hons.) and an MBA from Florida International University.

Beyond the business world, Mr. Peart is a member of the Rotary Club of St. Andrew North. He is married to Cheryl and is the proud father of son Aaron.

MR. VINCENT A. CHEN
NON-EXECUTIVE DIRECTOR

Mr. Vincent Anthony Chen holds the position of Company Secretary for the LASCO Affiliated Companies - LASCO Distributors, LASCO Manufacturing and LASCO Financial Services Limited. He also serves as a General Counsel for all three Companies, once serving under the same title, as well as Chief Legal Officer. Mr. Chen's duties include ensuring the Company abides by the standard legal and financial practices along with maintaining corporate governance.

Mr. Chen has over 45 years of experience in the field of law, completing the Solicitors Qualifying examinations administered by the LAW Society in England. He is a partner at the law firm Chen Green and Company as well as a Notary Public for Jamaica. He qualified as a Barrister and Solicitor in British Colombia, Canada and as a Solicitor of the Supreme Court in England.

Mr. Chen was appointed as Non-Executive Director for LASCO Distributors Limited on February 1, 2016 and LASCO Financial Services Limited on February 12, 2019. He is also a part of the Board of Director for Level Bottom Farms and Supplies Limited and Vanda Limited. Mr. Chen formerly served as the Chairman of Salada Foods Limited.

MR. KENNETH SYLVESTER
INDEPENDENT/NON-EXECUTIVE DIRECTOR

Mr. Kenneth Sylvester achieved an Honors degree in Physics from the University of Leeds in the United Kingdom, with two years postgraduate work in Quantum Physics. As a young graduate, he began his working life in 1972 as a research scientist in the development of first generation computing in the United Kingdom with the leading international computer company, Fujitsu-ICL, where he spent twenty-seven (27) years. Over this period he rose to the position of President and Chief Executive Officer of Fujitsu Caribbean headquartered in Kingston Jamaica.

His career with Fujitsu-ICL gave him the opportunity to work in Europe, Africa, Asia and the United States of America in several leadership positions.

Mr. Sylvester was one of the leading pioneers in growing the computer and information technology industry in Jamaica and the wider Caribbean.

Mr Sylvester was also the managing Director of the CARICOM Agency, Caribbean Knowledge and learning Network

Mr. Sylvester has been the Honorary Consul for Grenada in Jamaica since 1992. He is married and is the father of three children.

CORPORATE GOVERNANCE

As at March 31, 2019

Corporate Governance is an essential element of the operations of Lasco Distributors Limited (LDL). The Board of Directors of the Company is collectively responsible for the long-term success of the Company and to ensure the continuation of good governance.

FUNCTIONS AND RESPONSIBILITIES OF THE BOARD

The Directors are directly responsible to provide oversight, effective governance and strategic guidance in supervising the management of the Company in its affairs and to ensure that all its stakeholders are protected. The Board strives to balance the interests of the Company's diverse constituencies, including its shareholders, customers, suppliers, employees, creditors and the communities in which it operates. The aim of the Company is to be transparent in its activities, all of which are important, to increase shareholders' confidence and maximize their value.

In carrying out its functions, the Board ensures that the Company is compliant with the applicable laws of the land, regulations and codes of ethical business conduct, the rules of the Jamaica Stock Exchange Junior Market, its Articles of Incorporation, policies and procedures of the Company, Corporate Social Responsibility and Sustainable Environmental Practices. The Board may rely on the advice and report of its Executive Management and other independent professionals.

HIGHLIGHT OF BOARD ACTIVITIES DURING THE YEAR

The Board invited the Information Technology Manager, a member of the Executive Management team, to update the Board on the Information Technology Systems and controls following the system upgrade of ORACLE.

At a meeting of the Board of Directors it was decided that a strategic meeting to include the Affiliated Companies should be held; that the Board should have a retreat to discuss matters pertaining to the business as a whole, to establish a comprehensive Enterprise Risk Management Policy to take effect in the next financial year. These events will be facilitated by external professionals.

BOARD COMPOSITION

As at March 31, 2019, the composition of the Board of LDL was ten Directors, of which two are Executive Directors, five Non-Executive Directors and three Independent Non-Executive Directors—Sir Kenneth Hall, Mr. Colin Maxwell and Mr. Kenneth Sylvester, who was appointed to the Board on March 28, 2019.

Subsequent to the year end, on April 30, 2019 Mr. Peter Chin resigned from the Board of LASCO Distributors Limited, thereby, reducing the number of Directors to nine.

The Board of Directors meet on a quarterly basis and when required from time-to-time will hold special meetings to deal with pertinent matters.

SELECTION AND APPOINTMENT OF DIRECTORS

During the year the decision has been taken by the Board to assign the responsibility of selection of Directors to the newly formed Corporate Governance Committee following the approval of the Corporate Governance Policy on May 2019. Going forward, this Policy will be implemented. The Committee will make recommendations for appointment to the Board by identifying potential individuals and arrange interviews.

Appointments are made on merit with due regard to the skills, competence and expertise required by the Board taking into consideration diversity. Members of the Board are very experienced and respected individuals, with diverse skills and knowledge from different professions. Their level of talent and experience provide a good basis for sound judgement in decision making and guiding the Company into successful endeavours.

The expertise, skills and academic qualifications of our directors are outlined in their Profile in the Annual Report.

Induction/orientation & training Programme: Following the appointment of a new director the Company Secretary shall ensure that the new director participates in an induction programme that covers the vision and mission of the Company. The director shall be updated with past Board Meeting Minutes, meeting Board Members and Senior Management and is taken on a tour of the Manufacturing Plant.

The Board recognises the importance of training for its Directors. Directors are also aware of the need for periodic training in Corporate Governance and have participated in a training session organised by the Corporate Governance Consultant during the course of the year under review.

LEAD INDEPENDENT DIRECTOR'S ROLE AND RESPONSIBILITIES

The term independent director means a Director who is not related to the Company by virtue of not being an employee of any LASCO Affiliated Company within the last three years; is not an immediate family member of any director or senior officer of any LASCO Affiliated Company; does not represent a Shareholder owning more than 10% of the voting shares of the Company.

The Lead Independent Director of LDL is Mr. Colin Maxwell, who was appointed to this position in February 2019. The Lead Independent Director shall among other duties as outlined below; co-ordinate the activities of the Non-Executive Directors and perform such other duties and responsibilities as the Board may direct.

The Lead Independent Director shall (i) ensure that Non-Executive Directors have adequate opportunities to meet and discuss issues in sessions of the Independent Directors without management of the company present and serving as chair of such meetings; (ii) to meet with the external auditors, in camera, to discuss any findings experienced during the audit and (iii) in conjunction with the Executive Chairman, ensures that resources and expertise are available to the Board so that it may function effectively and efficiently.

The Lead Independent Director may, as is necessary, be available to shareholders if they have concerns which have not been resolved through the normal channels of the Executive Chairman or other senior executives.

APPOINTMENT OF COMPANY SECRETARY

The Company Secretary is appointed by the Board and is a key advisor to the board and management on compliance, corporate governance and shareholders matters. The Company Secretary shall provide new directors with information about the Company to assist them in their orientation. All directors have access to the Company Secretary's advice and services in respect of the administration of the functions of the Board.

During the year the Company Secretary briefed the Board on the Jamaica Stock Exchange (JSE) Corporate Governance Index which has been established to supplement the legal and regulatory Corporate Governance framework and raise the overall standard of Corporate Governance for companies listed on the JSE.

The Company has since reviewed the areas that need improvement and have commenced addressing those to improve its rating scores, some of which may be seen in this report.

COMMITTEES OF THE BOARD

The Board has three committees: Corporate Governance, Audit & Risk Management and Compensation Committees. The members of these committees are appointed by the Board of Directors and are chaired by Independent Non-Executive Directors. Any Director or Executive Director or a member of staff may be invited to attend a Committee meeting.

The decisions of the Board are made through its established Committees. Each Committee has its Charter/Terms of Reference which has been approved by the Board. The committees have the responsibility to review and revise Policies/Charters twice per year, which are approved by the Board. The key responsibilities of each committee are outlined in its Charter/Policy and Terms of Reference, which may be viewed on the Company's website at: www.lascojamaica.com/distributors

AUDIT & RISK MANAGEMENT COMMITTEE

The composition of this committee is three members and is chaired by Mr. Colin Maxwell, Lead Independent Director; the other appointed Independent Non-Executive Director is Sir Kenneth Hall and on May 29, 2019 Mr. Kenneth Sylvester was appointed an Independent Non-Executive Director to the Committee. Hon. Lascelles Chin, Ex. Chairman is invited to this meeting. The Committee meets quarterly and is guided by its established Charter to provide oversight of:

- The effectiveness of the Company's risk management and internal control systems.
- The internal audit activities and reports.
- The external auditor's appointment, remuneration, evaluation and reappointment.
- The financial reporting by the Company including quarterly and annual financial statements.

For the financial period, Ernst & Young provided internal audit services to the Company. The committee reviewed and approved the audit plan for the financial year. The Internal Auditors worked closely with the management team to establish, review and improve processes for effective risk management. The Internal Auditors report to the Audit Committee at its quarterly meetings.
During these meetings members of the committee analyse the quarterly audited and unaudited financial statements to ensure that they are prepared in accordance with the International Financial Reporting Standards and the Junior Market rules of the Jamaica Stock Exchange. These financial statements were approved by the Board of Directors for publication.
The Audit Committee Chairman reports to the Board quarterly on matters discussed at the meetings, these include but are not limited to the findings of the Internal Auditors assessment of the Company's operations.

The Lead Independent Director who chairs this meeting is a qualified accountant with 37 years' experience in public accounting and has the expertise and skills suitable for this role.

During the year the Committee met four (4) times.

COMPENSATION COMMITTEE

The committee Is comprised of three directors and has the responsibility to advise the Board on all matters relating to the compensation of the Executive Chairman,

the Managing Director/General Manager and the Non-Executive Directors. The Chairman of this committee is Sir Kenneth Hall. Other appointed members are Mr. Vincent Chen, Mr. Colin Maxwell and Kenneth Sylvester who was appointed in June 2019.

The Compensation Committee's Charter requires that the committee meets at least once per year to review the remuneration of the Executives and Non-Executive Directors. As mandated, the committee met and made its recommendations to the Board of Directors.

To ensure that the Directors are reasonably compensated, the Board employed the services of a Consultant to conduct an industry survey to guide the process for compensation. A similar exercise was done for the staff.

The Non-Executive Directors are paid a retainer and travelling for meeting attended. The fees paid for the year ended March 31, 2019 were $13.358M.

During the year, a review of the Compensation Committee's Charter was conducted and approved by the Board on May 29, 2019.

The Chairman of the Compensation Committee report on matters discussed at its meetings to the Board.

CORPORATE GOVERNANCE COMMITTEE

The composition of this committee is- three members: Mr. Colin Maxwell (Chair), Sir Kenneth Hall and Mr. Vincent Chen. Mr. Kenneth Sylvester was appointed to the Commitee May 2019. The Committee meets twice per year to give oversight in respect of the structure, composition and functioning of the Board and its Committees.

The Committee recommends and monitors the implementation of a governance structure: oversees the selection, induction, training and succession planning process for Directors; it assists the Board to determine, understand and work within the legal cultural and institutional framework that affect the goals and direction of the Company; it advises on matters of Corporate Governance; develops Policies as are required for the effective governance of the Company, monitors trends and best practices in Corporate Governance and update the Board on governance issues; considers possible conflict of interest of Directors and related party transactions of Directors and make the necessary proposals to the Board in accordance with the Board's Charter.

During the course of the year, the Committee's Terms of Reference and Policy were developed with assistance from an external corporate governance consultant, and were approved by the Board on May 29, 2019.

PERFORMANCE EVALUATION

During the period, a rigorous performance evaluation exercise facilitated by an external Corporate Governance Consultant was done; areas covered were: Directors' self-evaluation, Overall Board Evaluation and Committee Evaluation.

The exercise highlighted the strengths and areas for improvement of the Board's performance; it encouraged discussions to address areas of concern and requirements necessary to improve the Board's performance. The evaluation also provided the Board with an invaluable yardstick by which it can prioritize its activities for the future; it also serves as an education and consensus building function. This exercise defined the overall standards of performance for the Board and provided a sense of its own competence and accomplishments as a group.

The overall Board evaluation was structured around three dimensions of good governance and was designed to provide some insight into how the directors perceived

the Board on a whole, and how they are currently performing in key areas such as: (i) Board structure; (ii) Board Processes and (iii) Board Stewardship.

Key themes highlighted for further review were: (i) Strategic Planning, (ii) Risk Management; (iii) Succession Planning.

Emanating from the evaluation, the Consultant met with all Directors for a workshop to highlight the various areas. Management has commenced preparation for its strategic planning meeting; its risk management framework and succession planning is being addressed.

During the year, the CG Committee lead the review of all Board Policies and they were approved in May 2019. The updated policies may be viewed on the Company's website for further details: Corporate Governance Policy, Board Charter, Compensation Committee Charter, Audit & Risk Management Committee Charter, Corporate Governance Terms of Reference at: https://www.lascojamaica.com

Below is a summary of the attendance register in respect of the meetings for the financial year ended March 31, 2019.

Meetings	LDL AGM	LDL BOD	LDL Compensation Committee	LDL Audit Committee	LDL Corporate Governance Committee
No. of Meetings	**1**	**4**	**1**	**4**	**2**
Lascelles Chin	1	4	1	3	-
Eileen Chin	-	3	-	-	-
Colin Maxwell	1	4	1	4	2
Kenneth Hall	1	4	1	3	2
Gary Peart	1	2	-	-	-
Peter Chin	1	4	-	-	-
Jacinth Hall-Tracey	1	3	-	-	-
Vincent Chen	1	4	-	-	1
James Rawle	1	4	-	-	-
Kenneth Sylvester*	-	1*	1	1*	-

*Appointed March 28, 2019. First meetings were held in May after year-end.

The following table outlines the composition of each Committee.

Directors	LDL Compensation Committee	LDL Audit Committee	LDL Corporate Governance committee
Lascelles Chin	-	√	-
Vincent Chen	√	-	√
Colin Maxwell*	√	√	√
Kenneth Hall*	√	√	√
Kenneth Sylvester*	√	√	√

*Kenneth Sylvester appointed March 28, 2019. First meetings were held in May after the year-end
*Colin Maxwell – Audit Chair
*Kenneth Hall – Compensation Chair.

RELATIONSHIP WITH SHAREHOLDERS

The key principle is to have regular communication/ disclosure with Shareholders; the Chairman and the Board will maintain contact with Shareholders to understand their issues and concerns. One of the key channels used to disseminate information to our shareholders is the Annual General Meeting (AGM) which includes a session for questions and answers. Other channels are the Management Discussion & Analysis in the annual report, the press, the Company's website, the JSE's website and social media.

During the year press releases of our audited and unaudited financial statements were posted by the Company's external Communication agent. In addition to, other press releases relating to marketing activities and corporate social responsibility to keep Shareholders abreast of the Company's activities.

MINUTES OF AGM

Shareholders may request a copy of the AGM Minutes from the Company Secretary's Office by telephoning 876-749-5272.

CORPORATE SOCIAL RESPONSIBILITY

LASCO Distributors Limited demonstrates its continued commitment to the people of Jamaica through its Corporate Social Responsibility (CSR) programmes, such as Education, Health, National Security, Community Development, Environment and Sports.

LASCO's Corporate Programmes consist of partnerships with Public sector bodies, Police, Nurse and Teacher of the Year. The Company is an active partner of the Recycling Partners of Jamaica and the Relief Environmental Awareness Programme (REAP).

During the year, these programmes, among others, were highlighted and may be viewed in the 2019 Annual Report.

HUMAN RESOURCE

The Management considers employees as one of its greatest assets and value their contribution to the building of the Company. During the year the Company had two general staff meetings with the employees to update them on performance of the Company. Employees are given an opportunity to ask questions and make suggestions at these meetings which are reviewed by Management.

CHOOSE LASCO iCool FLAVOURED WATER

- Lowest Sugar Content
- Best Price

AVAILABLE IN TWO REFRESHING FLAVOURS

CRANBERRY
CRAN-STRAWBERRY

DIRECTORS' REPORT
As at March 31, 2019

The Directors of LASCO Distributors Limited (the Company) are pleased to present their report for the financial year ended March 31, 2019.

FINANCIAL RESULTS

	$'000
Profit before Taxation	691,942
Taxation	(94,161)
Net Profit	597,781
Basic earnings per ordinary stock unit (Cents per share)	17.51

The Company listed its shares on the Junior Market of the Jamaica Stock Exchange on October 12, 2010. The Company is entitled to a remission of Corporate Income Tax for a period of ten years from the date of listing as follows:

Years 1 – 5	100%
Years 6 – 10	50%

Details of the results for the year were approved by the Board on May 29, 2019 and a comparison with the previous year is set out in the Statement of Profit or Loss and other Comprehensive Income on Page 59.

DIRECTORS

Articles 97 and **98** of the Articles of Incorporation of the Company provides for the rotation of directors at the Annual General Meeting. The Director retiring under these Articles are **Mr. Vincent Chen and Dr. Eileen Chin** and being eligible offers themselves for re-election.

Pursuant to **Article 93** of the Articles of Incorporation of the Company, Mr. Kenneth Sylvester was appointed Director of the Company on March 28, 2019.

Pursuant to **Article 110** of the Articles of Incorporation of the Company, the Managing Director while holding office shall not be subject to retirement by rotation. The Managing Director, who is subject to this Article is Mr. Peter Chin.

Subsequent to the year end, on April 30, 2019, Mr. Peter Chin resigned from the Board of LASCO Distributors Limited.

The Directors express thanks and appreciation to the Management and Staff for their commitment and loyalty to the Company, and to our loyal customers, distributors, suppliers and stakeholders we also express heartfelt thanks for your continued support throughout the year. To all our Stockholders we say thank you for the confidence you have placed in the management of this Company over the years.

Dated this 18th day of June, 2019
BY ORDER OF THE BOARD

Vincent A. Chen
COMPANY SECRETARY

MANAGEMENT TEAM

CONSUMER DIVISION

Dwaine Williams
GENERAL MANAGER

Jociane Berry-Smith
OPERATIONS MANAGER

Omar Palmer
MARKETING MANAGER

Danielle Cunningham
BEVERAGE MARKETING MANAGER

Anthony Senior
SALES MANAGER

Carrolyn Llewellyn
KEY ACCOUNT MANAGER

Sandra Geohagan-Green
PROMOTIONS MANAGER

Latoya Heywood
PURCHASING MANAGER

Phyllis Sutherland-Brown
CREDIT MANAGER

Marcia Brown
QUALITY CONTROL MANAGER

PHARMACEUTICAL DIVISION

Hortense Edwards
GENERAL MANAGER

Jacqueline Morgan
OPERATIONS MANAGER

Andrea Cover
REGULATORY & INSTITUTIONAL BUSINESS MANAGER

Carl Tracey
SALES MANAGER

SHARED SERVICES

Shellyann Jackson
FINANCIAL CONTROLLER

Christine Bucknor
HUMAN RESOURCE MANAGER

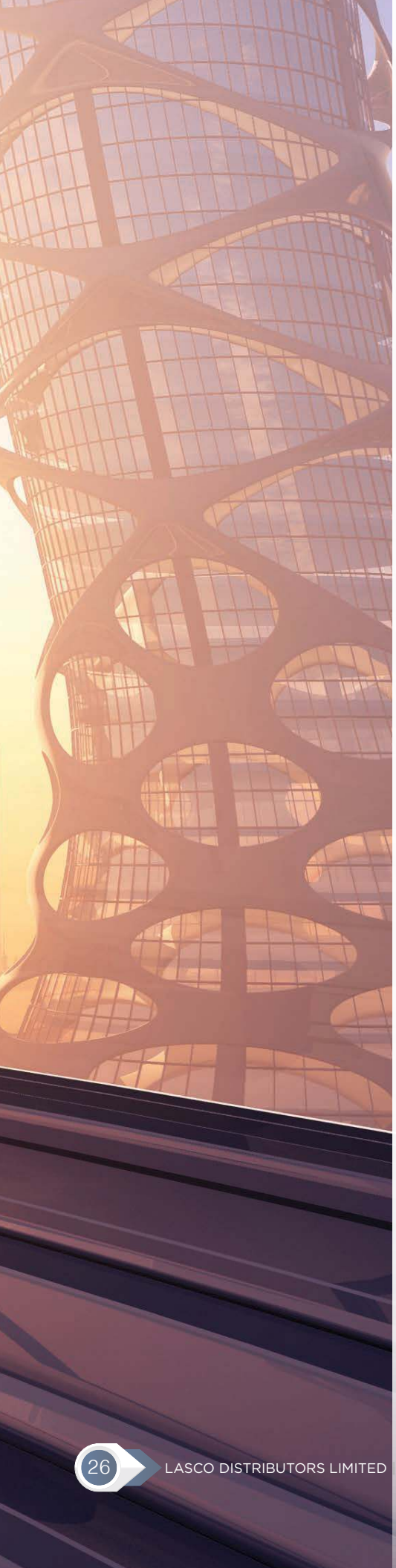
Ruel Thompson
SAFETY/SECURITY & COMMUNITY RELATIONS MANAGER

EXPORT DIVISION

Peter Hylton
INFORMATION TECHNOLOGY MANAGER

Joel Gonzalez
PROPERTY MANAGER

Paul Shoucair
BUSINESS DEVELOPMENT MANAGER



MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY OVERVIEW

LASCO Distributors Limited is a leading distribution company in Jamaica. The business was established over 30 years ago by the Honourable Lascelles Chin. In a relatively short time, the company rapidly increased its market presence by offering quality products to market at competitive prices. This market positioning and the focus on satisfying consumer needs, has led LASCO to become the market leader in several major categories in the industry. The company is well known for several innovations and product introductions, namely our flagship product LASCO Food Drink and LaSoy range of beverage products, Curves Sanitary Napkins and the iCool range of waters, flavoured waters and drinks.

The company was listed on the Jamaica Stock Exchange in October 2010 and is comprised of two divisions - the Consumer Division and the Pharmaceutical Division. This segmentation is based on product specialization which allows for greater focus to meet our customers' needs.

The company distributes one of the widest range of fast moving consumer goods under its own LASCO label and other sub brands such as Curves and iCool. The Consumer Division's core segments are food, beverage, personal care, baby care, adult incontinence and home care products, LASCO also distributes Unilever's home and personal care portfolio, with brands such as Breeze, Dove, St. Ives, Mistolin and Axe. Another core supplier partner is Salada, with their brands of high quality Jamaican coffees; Jamaica Mountain Peak and Mountain Bliss 876 as well as their range of teas. The Pharmaceutical Division distributes for major international brands in categories such as ethical, over the counter (OTC), animal health and equipment as well as its own private brand of generics under the LASMED brand name.

LASCO's route to market covers all core channels including Supermarkets, Wholesalers, Small Shops, Schools, Pharmacies, Government Institutions and health care facilities across Jamaica.

@LASCOGOODNESS

LASCO FOOD DRINK IS WINNING NUTRITION FOR YOUR FAMILY

7g PROTEIN FOR MUSCLE HEALTH

25% DAILY CALCIUM NEEDS

FORTIFIED with IRON VITAMINS AND MINERALS

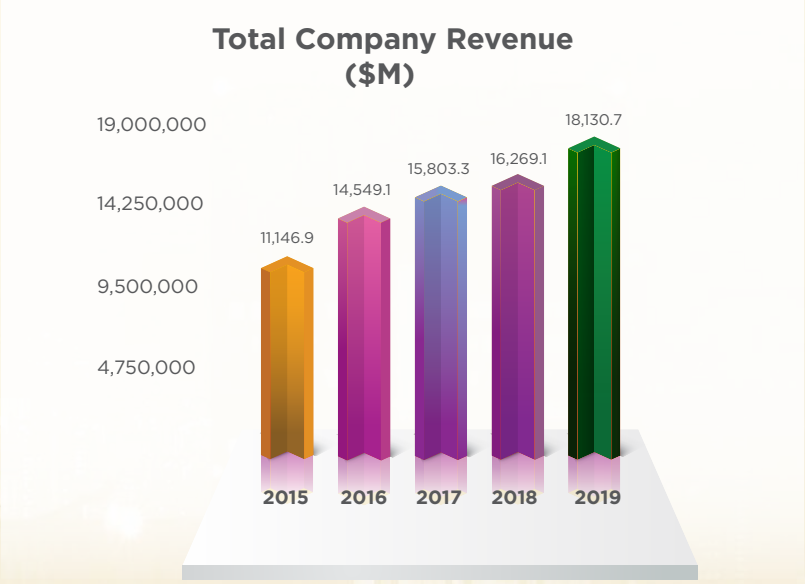
*PER SERVING

NUTRITION NEVER TASTED SO GOOD

FINANCIAL PERFORMANCE

Revenue

Over the 2018/2019 fiscal year, LASCO Distributors Ltd. generated revenues of $18.13 billion or an increase of 11% over prior year, primarily driven by improving operational performance, capitalizing on market trends and growing sales in both local and overseas markets. The company gained market share in core categories of liquid beverages, food and personal care.

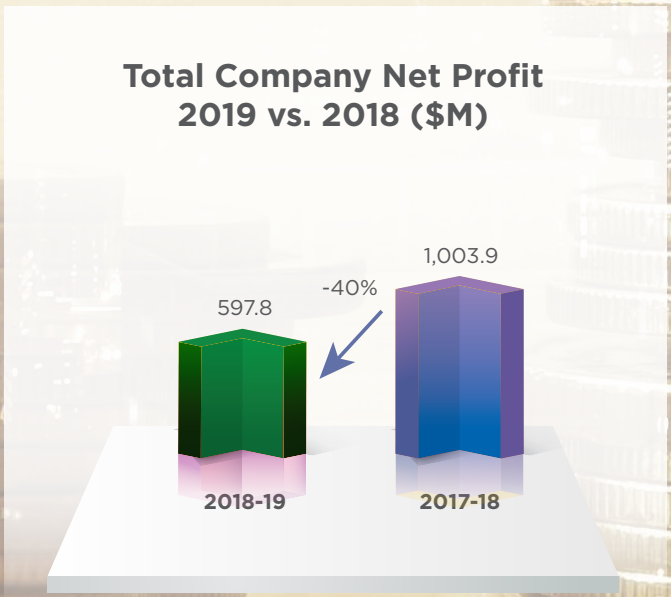


Gross Profit

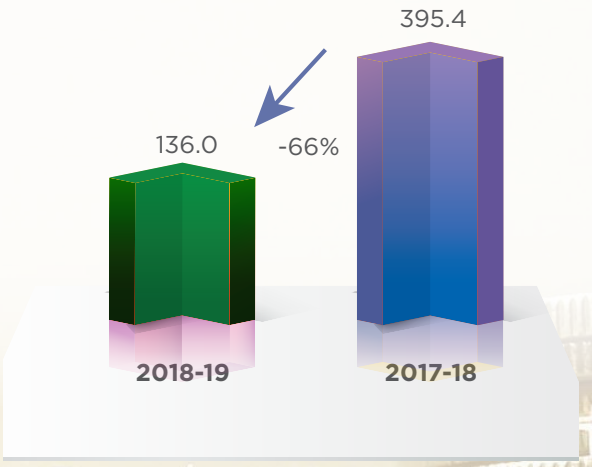
Gross profit for the fiscal year was $3.55 billion, or 12% above prior year. Like 2017/2018, the company continued the process of managing its portfolio through periodic rationalization to ensure its offerings were in line with consumer trends. Negotiations with key suppliers provided better pricing and sourcing arrangements which also positively impacted our gross profit position.

Net Profit

The company achieved net profit of $597.78 M, a decrease of 40% compared to the previous year, heavily due to the one-off gains from the proceeds of the Pfizer case in 2018. Expenses were higher than planned driven by increased investment in elevated marketing campaigns to maintain our market share gains in beverages and continued to invest ahead in support of our new brands such as Lyrix, Konka and our reduced sugar beverage products.



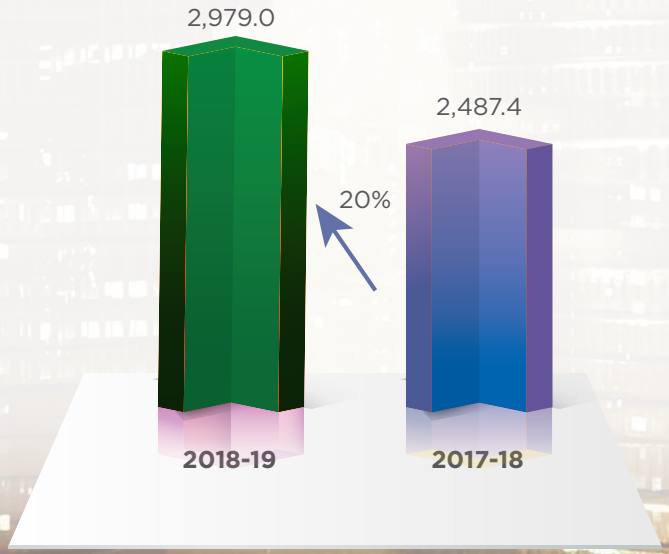
Other Operating Income 2019 vs. 2018 ($M)



Other Income

Other Income earned for the period amounted to $136.01M, representing a decline of 66% over the prior year. This decline was driven by the $273M proceeds from the Pfizer case in prior year.

Total Administrative, Selling & Other Expenses 2019 vs. 2018 ($M)



Administrative, Selling & Promotional Expenses

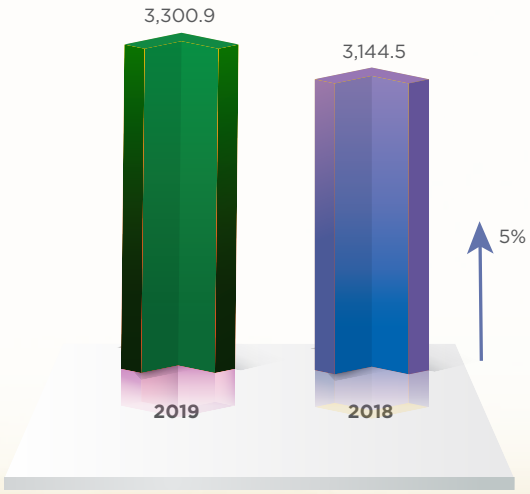
Total Administrative, Selling and other expenses were $2.98B; an increase of $491.66M or 20% over the prior year. Advertising and Promotion increased by $111.45M or 42% to close at $377.93M arising from marketing activities for existing and new beverage product launches. Depreciation and amortization of $146.83M grew 50% over prior year, due primarily to the capitalization of warehouse expansion.

Financial Position

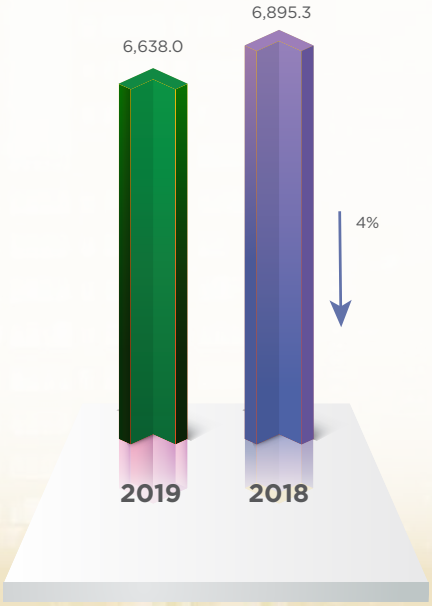
Net working capital at the end of 2019 amounted to $3.30B or a 5% increase over prior year. The value of inventories decreased by .6% over prior year to close at $2.47B. Trade Receivables increased by 3% to close at $2.57B, whilst trade payables decreased by 21% to close at $2.84B. This brought the ratio of current-assets/ current-liabilities to 1.99 times, compared to 1.84 times in the prior year. Cash and short-term Investments, taken together, closed the period at $1.51B.

Non-Current Assets closed the year at $2B, an increase of 24% over prior year. This growth was mainly due to expenditure in warehouse infrastructure and upgrades to the company's core business application software.

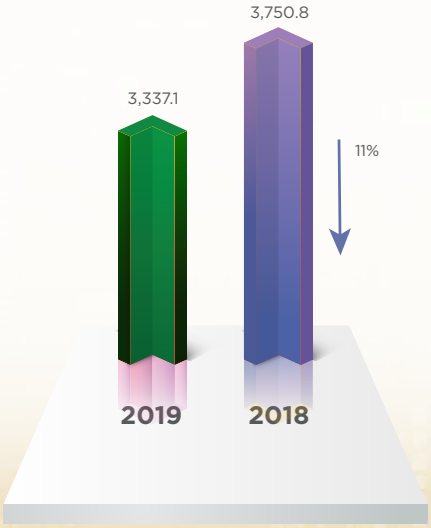
Net Working Capital 2019 vs. 2018 ($M)



Current Assets 2019 vs. 2018 ($M)



Current Liabilities 2019 vs. 2018 ($M)



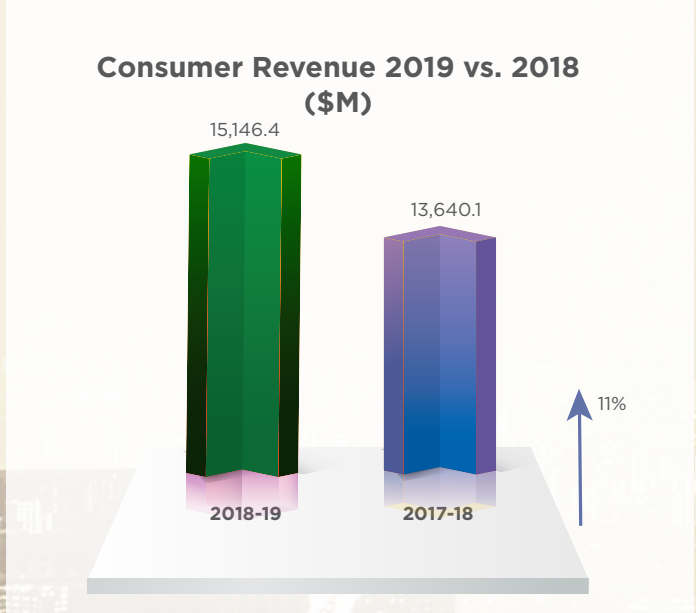
ANALYSIS BY DIVISION

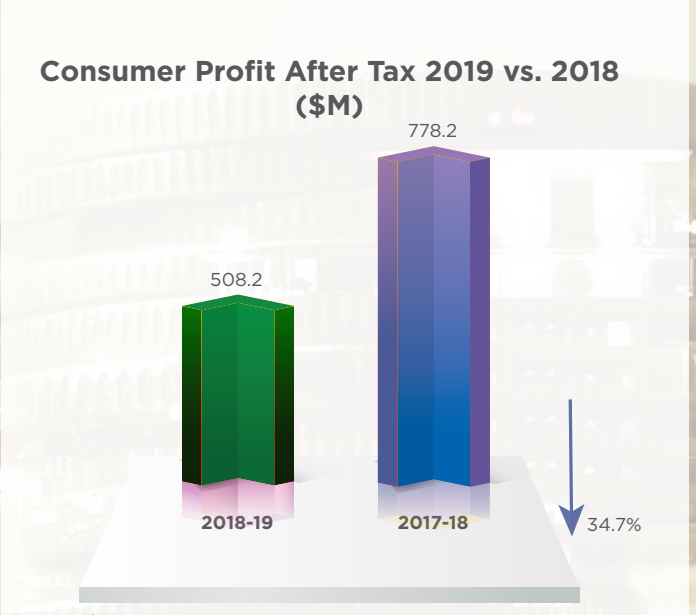
Consumer Division

Revenue for the Consumer Division was $15.15B or 11% above prior year. This was primarily due to growth in our flagship brand LASCO Food drink. The canned food, personal care, liquid beverage and coffee categories also performed well over the period. The division's profitability fell by 34.70% to close the year at $508.21M, largely due to the one-off Pfizer payment received in the last financial year, increased depreciation expense from the newly expanded warehouse and optimized commercial structure which required additional head count.

The liquid beverage category grew revenues by 43% when compared to the prior year, attributable to increased brand awareness for the products in both the local and international markets. Our flag ship brand, LASCO Food Drink grew by 7% in revenue and continues to make steady strides. The Unilever portfolio showed a revenue decline of 32%, representative of the company rationalizing the food portion of the portfolio and retaining the personal and home care lines. Lastly, revenue for the export division decreased by 6% when compared to the previous year, largely due to disruptions in supply due to necessary distributor changes in some markets.

We continue to rationalize our product portfolio and explore the possibilities of introducing new products to deliver increased value to our consumers. We are extremely excited about the future and remain confident that the company will continue to grow exceptionally and generate positive returns to its shareholders.





Pharmaceutical Division

Revenues for the Pharmaceutical Division grew to $2.98B or 14% over prior year, driven by strong growth across all major categories, improved supply chain management, deeper partnership with principals and high performance from our dedicated team at all levels of the operation. Net profit decrease to $189.91 M, a decrease of 16% over the previous year. The lower Net profit was mainly attributable to a large reduction in other income earnings for the period; a direct impact of the one-off proceeds from the Pfizer case in prior year.

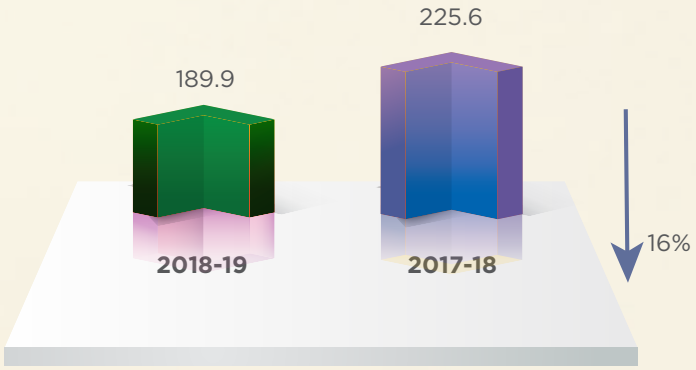
The management team, through continuous collaboration with Principals and other key Stakeholders ensured alignment of business goals and worked purposely towards achieving these mutual goals. The approach led to greater support from our business partners and addition of new lines such as Merck, Astra Zeneca and Aspen during the financial year.

As part of the marketing strategy, the company continues to invest heavily in several Continuing Medical Education (CME) activities for health care professionals and Trade Promotions to develop new and existing brands across the business lines. In addition, the restructuring of teams and improved Field Force effectiveness resulted in greater demand and sale of our brands in both public and private sectors.

The future looks even brighter and plans are already in the pipeline to expand our therapeutic offerings and further diversify our portfolio, to bring more cost-effective solutions to the people of Jamaica.

Pharmaceutical Revenue 2019 vs. 2018 ($M)

Pharmaceutical Profit after Tax 2019 vs. 2018 ($M)



LOOKING AHEAD

KEY OBJECTIVES

The strategic focus for sustainable growth for the company is based on brand development, service delivery, operational efficiency and growth through innovation and acquisition of new lines. A strong foundation has been laid and the company continues to deliver and build on these areas. The following are the actionable objectives for the upcoming year:

- Value chain optimization- continued efficiency gains in buying, warehousing and distributing.
- New products- build out a robust and focused innovation pipeline.
- Export – drive share gain in key markets whilst focusing on opening new high value markets for expansion.
- Technology improvement –analytical capability to be at the heart of business operations with seamless integration across core processes to drive service improvement.

INTRODUCING

Available in Gold (3.5 oz) & Classic (3.5 oz & 7 oz)

A great tasting cup of coffee starts with Mountain Bliss 876. Savour the flavour of instant blends made from the finest coffee beans. Mountain Bliss 876 is easy to prepare and packed with antioxidants and energy to fit your hectic lifestyle.

Perk Up!
HOT OR COLD!

MOUNTAIN Bliss 876

DISTRIBUTED BY: LASCO PRODUCT OF: Salada

RISK MANAGEMENT

The Board of Directors recognizes that creating shareholder value requires acceptance of a measured level of risk. Risk management is therefore a key consideration in the planning and execution of our business strategy. Our risk management methodology involves the identification and evaluation of risks, and the implementation of proactive measures designed to mitigate their occurrence. This includes putting systems and policies in place to ensure effective monitoring of day to day operations and fostering a culture of risk awareness among all team members. It also involves putting in place, systems to ensure that there is compliance with all statutory requirements, and that the integrity of our financial reporting and position is sound. The company's risk function is responsible for putting structures in place to monitor risks, escalating material risks through the management team, and where necessary, to the Board of Directors. The Risk function is managed by the Audit Committee of the Board, while at the operational level, Senior Management is responsible for identifying, evaluating, assessing, managing and tracking each risk.

Our strategic risks include macro-economic and environmental developments that may adversely affect our business plans. We recognize that in a highly competitive marketplace with austere fiscal policies, we must ensure we can respond effectively to changing market conditions. Our strategic partnerships with strong brands such as Unilever, Salada, ROCHE, CIPLA, and our own LASCO brands, ensure that we have a diverse portfolio of highly competitive product offerings with dependable supply chains, able to hold their own in a competitive market place. One of the ways in which we mitigate operational risks, is by ensuring we attract and retain the best talent and engender a culture of continuous quality assurance among team members.

In common with all other businesses, the company is exposed to different risks that may arise. The company implements policies and processes for managing those risks and the methods used to measure them.

Market risk arises from the company's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates, foreign exchange rates or other market factors.

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from transactions for sales, purchases and US dollar cash and bank balances. The company manages this risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The company further manages this risk by maximizing foreign currency earnings and holding net foreign currency assets.

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument, its issuer or factors affecting all instruments traded in the market. The company is exposed to market price fluctuations arising from equity securities held, however, this is not considered to be significant.

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Floating rate instruments expose the company to cash flow interest rate risk, whereas fixed rate instruments expose the company to fair value interest rate risk. The company is primarily exposed to cash flow interest rate risk on its short-term investments. Short term investments, investment securities and long-term loans are the only interest-bearing assets and liabilities respectively, within the company.

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from trade receivables, related company balances and cash and bank balances.

experience
MAGIC
in a cup
LASCO
Instant
Chocolate Mix
with Mint Flavour
Contains Milk & Sugar!
JUST ADD WATER!
New
LASCO
Instant
Chocolate Mix
with Mint Flavour
Contains Milk & Sugar!
JUST ADD WATER!
LASCO
www.lascojamaica.com
Everyday Family Values

HUMAN RESOURCES

During the period under review, our focus continued on "Making LASCO A Great Place to Work" by partnering with Department Heads to support the business and improve the capabilities of our team. Investments were made in developing talent through training programmes aimed at building and improving on competencies to positively impact business performance.

Our Staff Engagement programmes which illustrates the commitment and energy that employees bring to work is a key indicator of employees' dedication to the organization. Against this background, efforts were made to engage employees in maintaining healthy lifestyles with our Wellness Week "Healthy Body, Healthy Mind, Healthy You" which included Physical Health Checks for the team through partnership with Sagicor Life Jamaica and Mental and Financial Health Talks with experts in each field.

The new year promises to be an even more fulfilling one as we are poised to introduce our revised Performance Management and Automated Leave Management systems to further drive productivity and ensure greater efficiency.

The promotion of physical wellness continued with our own internal LASCO World Cup Competition with teams exhibiting their talents on and off the field in true camaraderie.

On the Court, both our Netball and Football teams continued to represent the company by participating in the annual Business House competitions with the Netball Team receiving the trophy for 3rd Place - Best Dressed Team.

Corporate Social Responsibility

INTRODUCTION

LASCO Distributors Limited is firmly committed to corporate citizenry that positively impact the lives of Jamaicans, uplifting and nurturing our citizens while emulating Everyday Family Values for 30 years. We continue to unwaveringly support and increase donations of resources in areas such as community development, education, environment, health, national security and sports.

Our flagship programmes — LASCO/Nurses Association of Jamaica Nurse and Student Nurse of the Year Award; LASCO/ Ministry of Education Youth and Information Teacher and Principal of the Year Awards; LASCO/Jamaica Constabulary Force Police of the Year Award and the LASCO Releaf Environmental Awareness Programme (R.E.A.P) Award, shine a spotlight on the work and people who are dedicated to making a positive impact on the lives of many.

Together, we celebrate the significant milestones from our community outreach along with the Police Officer of the Year for 19 years; Nurse of the Year and Student Nurse of the Year for 20 years; the Teacher and Principal of the Year for 22 and 13 years respectively; as well as the Releaf Environmental Awareness Programme (REAP), contributing seven years.

Additionally, this year LASCO made considerable strides in making contributions to uplifting programmes that recognise the dedication of many professionals working to build a better Jamaica. One such programme is the inaugural Civil Servants Week 5K Run, which brings civil servants from all professions and various communities across Jamaica together to help raise funds for charity. Supporting health and wellness, LASCO has made donations to the Kingston Public Hospital Physiotherapy Ward in February 2019, distributing products and gifts to the deserving patients in the ward.

2018/19 LASCO/NAJ Nurse of the Year, Denes Dacres Reeves (left) and Minister of State, Ministry of Finance and the Public Service, the Honourable Fayval Williams (second right) award (from second left) Gerold Palmer of Electrical; Kemar Leslie of Rainforest Seafoods; and Kosiani Dunkley of Tax Administration Office with gift baskets and trophies at the first staging of the Civil Service Week 5K on Saturday November 17, 2018 at Emancipation Park.

COMMUNITY DEVELOPMENT

More than 50 children and staff from the City of Refuge Children's Home were fêted at the 10th annual Christmas Treat on the University of Technology (UTech), Jamaica Campus. LASCO in partnership with UTech Marketing Group donated food, beverages and personal care products. In addition to the product donation, LASCO provided giveaways for the wards, including school supplies; served up delicious and nutritious LASCO Food Drink Smoothies; and hosted a special appearance by Nutriman our LASCO Food Drink Mascot. The annual LASCO/Collins Close Basic School Christmas Treat, also served up goodies and gifts for a few hundred children in December. The annual celebration gets a little brighter and brings more cheer to the children and within the Central Village community.

This little angel from the City of Refuge Children's Home is given a boost to high five the LASCO Food Drink mascot Nutriman, at the annual Christmas Treat held by University of Technology, (UTech) Jamaica Marketing Group at the UTech, Papine Campus on Saturday, December 15, 2018.

LASCO is impacting the community through our partnerships with We Inspire and HerFlow, which promote wellness and a healthy lifestyle among women from all backgrounds. In March 2019, LASCO Curves provided support to HerFlow Unsung Sheroes Awards honouring 12 women for achieving significant goals in business and positively impacting their communities.

Renee Rose (left), Curves brand manager commends, Unsung Shero Honourees The Cosmic "Wombman" Ramona Riley (right), and Sara-Lou Walker of the Angelic Ladies Society, for their work serving women at the Celebrate Her Unsung Sheroes Awards and Brunch on Sunday, March 17, 2019 at the Talk of the Town, Jamaica Pegasus. Curves is a major supporter of HerFlow since inception and was present as a major sponsor of the event.

SPORTS

Local sports set a platform that promotes positive engagement and wholesome entertainment within our communities. LASCO provide resources to our national teams contributing to the high calibre of sporting personalities across multiple sporting disciplines. Our long relationship with organisations such a s the Netball Jamaica fits squarely in our mandate of supporting personal and national development.

LASCO's unwavering support led to the promotion of the Netball Jamaica 60th Anniversary 2018 Sunshine Series in October.

At LASCO, we continue to seek out and devise methods, products and services which offer value and economic benefit that aid and encourage a better sense of patriotism. The Social Development Commission (SDC) Community Cricket Competition encourages camaraderie among citizens, providing an outlet for young people to explore and develop sporting talent at the annual SDC National T20 Community Cricket Competition 2018. Partnered with LASCO, this event has risen to being one of the most engaging and well attended national community sporting tournaments. LASCO aided the 2018 competition by increasing its contribution in monetary support and committed presence at each game.

From Left: Senior Manager, Public Relations and Marketing, Housing Association of Jamaica, Richard Jones; Beverage Marketing Manager, LASCO Distributors Limited, Danielle Cunningham and Senior Marketing Communications Executive, LASCO Financial Services Limited, Danielle Harris-Drysdale exchange pleasantries during the launch of the 2018 SDC National 20/20 Community Cricket Competition on Wednesday, June 27 at the offices of the Ministry of Local Government and Community Development on Hagley Park Road, Kingston. LASCO, main sponsors for the past 10 years, sponsored the 12th staging to the tune of $4.5M.

ENVIRONMENT

LASCO notes our environmental preservation as a necessity for nation building and sustainability. LASCO ReLeaf Environmental Awareness Programme (REAP) has encouraged the formation of good environmental practices in schools around Jamaica. The annual LASCO REAP Competition 2018 Awards held in June, awarded top schools based on guided environmental preservation activities.

LASCO REAP plays a significant role in advancing and promoting environmental awareness and good environmental practices in primary level school. The programme has grown exponentially to over 500 schools, over 2.7 million plastic bottles collected and over 27,000 trees planted at the end of the financial year.

Newstead Primary reaped the LASCO iCool Award for Most Plastic Bottles Collected, with an outstanding total of 132,083 PET bottles, and received a $100,000 cash prize for their effort. First Runner up went to Bath Primary and Junior High and Second Runner-up was awarded to Fort George Primary and Infant school for planting the most trees, an astounding 3,001 trees.

L-R Hon. Lascelles Chin, Chairman and Founder of the LASCO Affiliated Companies, congratulates Newstead Primary School's Tyra Taylo, Student; Eleanor Nelson, Peace Corps Volunteer; Cadell Student; and Clovis Menzie, Teacher winner of the 2017-2018 LASCO Releaf Environmental Awareness Programme (REAP) awards luncheon on Thursday, June 7, 2018, at the Jamaica Pegasus. With James Rawle (second right), Managing Director of LASCO Manufacturing, and Stephen Newland, Founder and Project Director of LASCO REAP.

EDUCATION

At LASCO, we believe education improves lives by providing stability in our communities, families and contributing to our nation's economic development.

Nine young ladies from schools across the island were recognised by LASCO Curves for their outstanding academic achievement in the 2018 Grade Six Achievement Test (GSAT). The scholarships gave each girl a positive start to this new and exciting era of their lives.

The nine LASCO Curves GSAT 2018 Scholarship Awardees recipients with Renee Rose, LASCO Curves Brand Manager at the handover ceremony held on Thursday, July 19, 2018 at the LASCO Facilities in White Marl, St. Catherine.

The girls are (from left): Kadajah Shaw, of Lyssons Primary; Shauntee Soares of Emmanuel Kinder Preparatory; Gabrielle Wallace of Balaclava Primary; Afaya Pollack of Ensom City Primary; Sheyann Chen of Barracks Road Primary; Daena Green of Mandeville Primary & Jnr High; Kelyssia McHugh of Southbourgh Primary; Emelia McCausland of Jessie Ripoll Primary and Cassandra Cunningham-Davy of St. Ann's Bay Primary

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The LASCO/Ministry of Education, Youth and Information (MoEYI) Principal of the Year 2017-2018 Howard Salmon officially unveiled the Beginning Principals Mentorship Programme in September 2018. The specially designed online platform facilitates leadership training for new and potential principals. The project seeks to bridge the knowledge and leadership gap; for principals with less than three years of experience.

In December 2018 LASCO and the Ministry of Education, Youth and Information announced the winners of the 2018-2019 Principal and Teacher of the Year Awards. Mrs. Margaret Campbell, first female principal of St. Georges College, was named the winner of the MoEYI Principal of the Year Award 2018-2019 while the LASCO/MoEYI Teacher of the Year Award 2018-2019 went to Mr. Amorkard Brown, teacher at Munro College. Both educators claimed the champion trophies, cash prizes valued at $250,000 and attended the 2018 Association for Supervision and Curriculum Development (ASCD) Conference held in Chicago, Illinois in March 2019 accompanied by the first runners-up of the Principal and Teacher competitions.

James Rawle (left), managing director, LASCO Manufacturing Limited; the Honourable Lascelles Chin (second right), Founder and Executive Chairman of LASCO Affiliated Companies; and Peter Mark Chin (right), deputy executive chairman, LASCO Affiliated Companies and managing director, LASCO Distributors, welcome Amorkard Brown (second left), LASCO Ministry of Education, Youth and Information (MoEYI) Teacher of the Year 2018-19; and Margaret Campbell, LASCO/MoEYI Principal of the Year 2018-19 to the LASCO Family at the close of the awards luncheon at the Jamaica Pegasus Hotel on Tuesday, December 11, 2018.

HEALTH

The Jamaica Midwives Association and LASCO Baby Care brand partnered together to recognise our local midwives for their contribution to healthcare. At an inaugural luncheon held in May 2018, LASCO presented 18 honourees were selected from across the island with plaques for outstanding and substantial years of service.

LASCO's partnership with the Nurses Association of Jamaica (NAJ) celebrated the achievements of the nine 2018-2019 Nurse and Nursing Student of the Year finalists in July 2018. Saluting the outstanding nurses and nurses-in-training, Nurse Denese Dacres-Reeves of Bustamante Hospital for Children was awarded the 2018-2019 LASCO/NAJ Nurse of the Year, she received the champion trophy and a cash prize of $350,000 amongst other prizes. Desmond Campbell Jr., of The University of the West Indies School of Nursing was awarded the 2018-2019 LASCO/NAJ Nursing Student of the Year, he collected the champion plaque, along with a cash prize of $100,000.

From Left: Desmond Campbell Jr., LASCO/NAJ Nursing Student of the Year 2018-2019, Denese Dacres-Reeves, LASCO/NAJ Nurse of the Year 2018-2019; and Peter Mark Chin, deputy executive chairman LASCO Affiliated Companies and managing director of LASCO Distributors Ltd at the 19th Annual LASCO/NAJ Nurse of the Year Awards 2018-2019 held at the Jamaica Pegasus on Saturday, July 21, 2018.

NATIONAL SECURITY

Our nation's safety and security lies in the hands of courageous men and women determined to curtail the growing crime and violence with our country. Celebrating its 19th year, the LASCO/Jamaica Constabulary Force (JCF) 2018/19 Police Officer of the Year recognised nine outstanding officers from various divisions as finalists in the competition.

A strong community and youth advocate, Constable Davian Martin was named the LASCO/Jamaica Constabulary Force (JCF) 2018/19 Police Officer of the Year and took home the trophy along with a $350,000 cash prize at the annual luncheon at the Jamaica Pegasus in May 2018. Sergeant Thompson, who serves within the Motorised Patrol Division, was awarded $250,000 as First runner-up, while Constable Chang of the Mobile Reserve received $100,000 for Second runner-up.

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MARKETING **HIGHLIGHTS**
Consumer Division

LASCO FOOD DRINK ROYALTY FOR LOYALTY

February 2018 – March 2018

LASCO stirred up lots of excitement with the kick-off of our LASCO Food Drink Royalty for Loyalty promotion in January. Over the course of 12 weeks, we gave LASCO Food Drink consumers the opportunity to win in 5 fortnightly draws between January 24 – April 30. With over $6 million in cash and prizes to be won, 200 in store promotions and 4 major road shows across the island — May Pen, Kingston, Westmoreland and Montego Bay the promotion kicked high gear.

Our mobile supermarket, a crowd favourite, gave 20 lucky winners the opportunity to pick up as many LASCO groceries in 30 seconds while family, friends and onlookers cheered them on. 18,000 entries were submitted for the promotion and a 2% growth noted in the brand within the period over the prior year.

LASCO Food Drink Money Mixa

From left: LASCO Food Drink Promoters Tamkea Brown, Tamara Wilkie and Shamara Powell proudly display large handfuls of LASCO Food Drink sachets. To enter the Money Mixa promotion, persons submited five packets of 120g/90g or three 400g of any flavor LASCO Food Drink (Original or Low Sugar).

The LASCO Food Drink Money Mixa promotion, brought high energy and a fun-filled roadshow experience to LASCO Food Drink lovers across the island. Over 15,000 entries were received with over 100 drop box locations.

Between September – November 2018, consumers mixed to win to be one of 48 weekly winners for $10,000 cash or one of 5 biweekly winners of $50,000. The promotion, which lasted over 9 weeks, saw over 450 winners walking away with the cash prizes.

On Thursday, December 13 one lucky customer got an early start to their Christmas with their grand prize win of $500,000. Second and third place cash prizes of $200,000 and $100,000 respectively, were also up for grabs in the grand draw.

Curves and the Beauties

Renee Rose (centre), LASCO Curves brand manager poses with Miss Curves, Shanique Thompson (left) and Shelle Parchment, Director of Miss Universe Jamaica North East at the Miss Universe Jamaica media launch at the Eden Gardens Wellness Resort and Spa on Tuesday, July 24, 2018. LASCO Curves is the personal care sponsor for the pageant.

School's Challenge Quiz 2019

LASCO understands that good nutrition and education go hand in hand; and proudly supported the spirit of Quiz with their winning product LASCO Food Drink.

This year LASCO increased the prize package to half a million dollars.

LASCO awarded cash prizes to the top three teams -- first place, $200,000; the first runner-up, $120,000 and the second runner-up, $80,000 -- while expanding the breakfast programme offering to the winning school and the highest scoring schools in each county.

At the final buzzer on Tuesday, April 2, 2019 St. Jago High claimed its fifth title by outscoring eleven-time winners Kingston College 39-19.

Dwaine Williams (right), LASCO Distributors general manager joins Television Jamaica's Gary Allen (left) and Claire Grant (second right) in congratulating the newly minted the newly minted five time champions St. Jago High School in celebration after they outscored Kingston College 39-19 at Television Jamaica's 50th season of School Challenge Quiz on Tuesday, April 2, 2019.

LASCO team members – Omar Palmer (left), Dwaine Williams (third left) and Kari Steele (right)-- join the newly minted five time champions St. Jago High School in celebration after they outscored Kingston College 39-19 at Television Jamaica's 50th season of School Challenge Quiz on Tuesday, April 2, 2019. St. Jago High were determined to take the win for their 275th school anniversary.

Dwaine Williams, general manager at LASCO Distributors presents St. Jago High team member Abigail Barnes with a gift basket after giving the winner's cheque for $200,000 and awarding a breakfast programme at the prize-giving ceremony for Television Jamaica's 50th season of School Challenge Quiz on Tuesday, April 2, 2019.

Curves continues to Inspire Women

Curves has enjoyed a strong relationship with We Inspire Women and Girls. Focused on encouraging women and young girls to recognize their own strength, resilience and beauty through a series of workshops and brunches; the partnership has been influential in shaping positive attitudes among Jamaican women. As part of the body-positive and self-love movement, Curves joined the We Inspire Girls High School Tour to host discussions on lifestyle, career and educational choices

Dwaine Williams, general manager at LASCO Distributors presents St. Jago High team member Abigail Barnes with a gift basket after giving the winner's cheque for $200,000 and awarding a breakfast programme at the prize-giving ceremony for Television Jamaica's 50th season of School Challenge Quiz on Tuesday, April 2, 2019. St. Jago High claimed its fifth title by outscoring eleven-time winners Kingston College 39-19.

FunFest

It was fun galore for parents and their children as LASCO iCool and LASCO Food Drink served up entertainment and games for all at the Easter 2018 staging of Funfest. The April family-friendly event saw LASCO iCool being the master of play with its sponsorship of the 'iCool Playzone' which featured 50 rides including a mechanical bull and train.

The LASCO Food Drink Waterpark rang with laughter and squeals of excitement as children of all ages enjoyed the Food Drink sponsored kid's chill spot.

Curves supports HerFlow in honouring outstanding Jamaican women with Celebrate Her Unsung Sheroes Award

Countering the notion that women do not support women, HerFlow founder Shelly-Ann Weeks in partnership with LASCO Curves honoured 12 women for achieving significant goals in business and positively impacting her community with launch of the HerFlow Celebrate Her Unsung Sheroes Awards brunch at the Pegasus Hotel on Sunday, March 17, 2019.

Renee Rose (right), Curves brand manager presents a token of appreciation to Unsung Shero honouree Sabrina Webster (left) of Wine Down for Charity at the HerFlow Celebrate Her Unsung Sheroes Awards Brunch on Sunday March 17, 2019 at the Talk of the Town, Jamaica Pegasus. Curves has been a major supporter of HerFlow Foundation since inception and was present as a major sponsor of the event.

Unsung Sheroes Joseth Brown of Tamar Redemption (left) and Operation Love founder Celia Steele proudly display their plaques at the Curves sponsored HerFlow Celebrate Her Unsung Sheroes Awards Brunch on Sunday March 17, 2019 at the Talk of the Town, Jamaica Pegasus.

LASCO Toothpaste at the Jamaica Dental Association Dental Conference

We reinforced our commitment to the fight for improved Oral Health with the special unveiling of our new and improved Oral Care line, with better cavity fighting formula, at the Jamaica Dental Association 55th Annual Conference in February. Orthodontists, Dental Surgeons, Auxiliaries, Technicians, Hygienists, Interns and Students gathered to learn from key persons in the industry and benefited from an extensive exhibition in which LASCO participated.

Dr. Oswald Dunn, President of the Jamaica Dental Association (JDA) and incoming chairperson for JDA for 2020 convention; Dr. Sarah Tibby, chairperson for the 2019 convention; Keynote Speaker Rt. Rev. J. Oliver Daley, mark their visit to the LASCO Oral care booth with a quick phot op with the team -- Jodi-Ann Mullings, product detailing representative, Renee Rose, brand manager and Tanielle Taylor, product detailing representative -- at the JDA 55th Annual Convention on Thursday February 14, 2019 at the Moon Palace Jamaica Grande.

MARKETING **HIGHLIGHTS**

Pharmaceutical Division

As a global corporate leader, that is driven by a passion for excellence and integrity. We continue to make strides in the Pharmaceutical Industry, by providing quality, affordable, healthcare products to all Jamaicans. This comes through solid partnerships with key stakeholders and international brands such as Novartis, AstraZeneca, Bayer, Roche, MSN, Pharmascience and Cipla.

Our key marketing initiatives are focused on building stronger partnerships with our suppliers and engaging our healthcare providers via Continuing Medical Education Seminars (CME). We also provide ongoing patient education via Health Fairs, Pharmacy Promotions and Patient Meetings; with the objective of increasing brand awareness, loyalty and strengthen relationships.

EXCELLENCE IN PARTNERSHIP AWARD

LASCO Distributors Limited, Pharmaceutical Division was presented with the MSN Excellence in Partnership Award 2018.

Krishna Puligilla, manager, MSN presents the Excellence in Partnership Award to the Hon. Lascelles A. Chin, executive chairman, LASCO Affiliated Companies and Hortense Edwards, general manager, LASCO Distributors Limited, Pharmaceutical Division.

PHARMASCIENCE 35TH ANNIVERSARY CELEBRATION

Long standing partnership with a solid track record of providing quality, affordable healthcare products.

Twyla Bent, Pharmascience sales & marketing supervisor and Hortense Edwards, general manager, LASCO Distributors Limited, Pharmaceutical Division took a memorable photograph with David Goodman, CEO, Pharmascience and Jacquline Gagnon, V.P. International Sales, Pharmascience, at the Pharmascience 35th Anniversary Celebration, held in Montreal Canada, November 2018.

PHARMACEUTICAL SOCIETY OF JAMAICA (PSJ) ANNUAL CONFERENCE

As we continue to strengthen relationship with the Pharmaceutical Industry, we take pride in being one of the sponsors of the PSJ Annual Conference. Our booth captured the interest of all pharmacists, where we featured key brands such as Cipla and MSN. LASCO was proud to be awarded second place for the Best Booth Competition.

The conference was held on June 22 – 24, 2018 under the theme: "Pharmacists: Engaging, Advocating, Collaborating with our communities for a healthy Jamaica". The conference saw over 400 stakeholders within the Pharmaceutical Industry such as Pharmacists, Pharmacy Technicians and Pharmacy Owners.

First left, Hortense Edwards, general manager, LASCO Distributors Limited, Pharmaceutical Division and the team posed for the camera.

All smiles for the camera.

From L-R: Hortense Edwards, general manager, LASCO Distributors Limited, Pharmaceutical Division, Dr. Toylin Tofade, Dean of the College of Pharmacy, Howard University and Guest Speaker, Vivenne Watson, past president of PSJ, Marsha Bromley, CIPLA medical representative, Dr. Eugenie Brown-Myrie, Dean of the College of Pharmacy, University of Technology Jamaica and Indira Bachelor, pharmacist.

THE TEAM IN ACTION

Second Left, Damian Wright, MSN sales & marketing supervisor, assisted Marsha Forbes, pharmacist of Taj Pharmacy to complete the entry form for the MSN Pharmacist Competition.

Andre Mitchell, CIPLA Medical Representative engaged Monica McDowell of Fontana Pharmacy in the CIPLA Raffle.

From L-R: Avery Murray, Pharmacist of South Avenue Pharmacy caught on camera with Hortense Edwards, general manager, LASCO Distributors Limited, Pharmaceutical and Suzanne Hoo, BSN medical representative at the conference.

PHARMACEUTICAL SOCIETY OF JAMAICA
5K ANNUAL WALK/RUN 2018

Driven by our philanthropic nature, LASCO Distributors Limited, Pharmaceutical Division is a proud sponsor of the Pharmaceutical Society of Jamaica (PSJ) 5K Walk/Run 2018 which marked 90 years of PSJ representing pharmacists and the pharmacy profession. Their Annual 5K Walk/Run entitled "PSJ 5K Walk/Run 2018" held on Sunday, November 25, 2018 was one of their many celebrated activities.

The goal was to increase awareness of the benefits of healthy lifestyles and increase physical activities in an effort to reduce healthcare cost in Jamaica, in support of the #JAMAICAMOVES initiative by the Ministry of Health. The walk/run attracted approximately 1800 stakeholders.

Through partnership with the Kidney Support Foundation of Jamaica, all funds raised was donated towards children living with Kidney disease.

The Hon. Dr. Christopher Tufton, the Minister of Health, poses with Team Kalms (in purple) and Team MSN (in yellow), sponsored by LASCO Pharmaceutical Division.

SUSTAINED SPONSORSHIP OF Continued Educational Seminars

The primary role of the pharmaceutical industry is to create value by discovering and producing effective and safe medicines that will improve patients' well-being. With continued participation in CME Seminars, LASCO Pharmaceutical Division ensures that healthcare providers are aware of the appropriate therapies and patients can access treatment.

JAMAICA UROLOGICAL SOCIETY ANNUAL SYMPOSIUM 2019.

LASCO is a key sponsor of the Jamaica Urological Society (JUS) Annual Symposium, which was held on Sunday, March 03, 2019, under the theme, "Endourology and renal stones". The symposium attracted 250 medical professionals, including world leading field experts, local and international Urologists, Medical Practitioners, Medical students, and Nurses.

Topics discussed included, G.U. cancers, voiding dysfunction, BPH and infections.

Second right, Maxine Wright, CIPLA sale and marketing cordinnator, poses with her team at the symposium.

Second right, Twyla Bent, Pharmascience sales and marketing cordinnator, poses with her team at the symposium.

PHARMASCIENCE ANNUAL CONTINUED EDUCATION SEMINAR

Pharmascience Annual Pharmacy Continued Education Seminar was held on Sunday, September 30, 2018; presentation topics covered - The Psychosis and Psychotic Affective Disorder, Management of Migraine and Sleep Apnea.

Second right, Twyla Bent, Pharmascience sales & marketing supervisor with her team at the seminar.

Kent Williams, Pharmascience medical representative make a presentation to Stacy Brown of Fontana Phamacy.

THE UNIVERSITY OF THE WEST INDIES (UWI) WHITE COAT CEREMONY

The future of the pharmaceutical industry lies with the expert and knowledge of the pharmaceutical alumni.

The White Coat Ceremony marks the transition of students from the study of pre-clinical to clinical studies.

LASCO Pharmaceutical Division continues to be the primary sponsor of the White Coats for The University of the West Indies Student Doctors of the Pharmacy Degree Program. The presentation was done at the White Coat Ceremony (WCC) held August 2018.

Among those present at the ceremony was the Dean of the Faculty of Medical Sciences, Dr Tomlin Paul, UWI, Back row, first & second right, Hortense Edwards, general manager and Carl Tracey, sales manager of LASCO Distributors Limited, Pharmaceutical Division.

Hortense Edwards of LASCO Distributors Limited, Pharmaceutical Division address the students at the White Coat Ceremony.

Hortense Edwards of LASCO Distributors Limited, Pharmaceutical Division with student Doctor of the Pharmacy Degree Program.

LASCO COLLABORATED WITH THREE ANGEL'S PHARMACY HONOURING TEACHERS AT BELLEFIELD HIGH SCHOOL

Our teachers play a major role in the economic development of our country Jamaica. As a part of our civilian program, we take pride in giving back to our teachers. LASCO Distributors Limited, Pharmaceutical Division sponsored the Bellefield High School Teachers Award Ceremony, held on Teacher's Day, October 05, 2018.

Maxine Wright, CIPLA sales & marketing supervisor, addresses the teachers at the Bellefield High School award ceremony.

Maxine Wright, CIPLA sales & marketing supervisor makes a presentation to one of the outstanding teacher of Bellefield High School.

New Product Features

LASCO Choco Munchies and LASCO Choco Craze
The breakfast cereals line was extended in June 2018 with two new and delicious cereals namely; LASCO Choco Munchies chocolate squares with a chocolate and hazelnut filling and LASCO Choco Craze a crunchy cereal balls with a chocolate flavour. Both are good to consume with or without milk!

LASCO Food Drink Low Sugar Creamy Malt
We have expanded our delicious LASCO Food Drink Low sugar range, by offering it in creamy malt. Same great taste, but with reduced sugar!

iCool
LASCO keeps the market on its toes continuously introducing new exciting flavours to the iCool Juice line, always successfully pleasing iCool lovers. Our Strawberry Banana and PomPassion flavours launched in November are proof of that.

Jamaica Mountain Peak Decaffeinated 2g Sachet
Decaff coffee drinkers can now take Jamaica Mountain Peak on the go in a portable 2g sachet. Perfect for handbags, pockets or desk drawers, this convenient decaff sachet can go anywhere that coffee drinkers want to enjoy Jamaica Mountain Peak.

Lyrix Soft Drink
Our newest soft drink from Lasco to hit the market with its 6 unique flavors representing the fun, vivacity and the energy of the brand itself. The current flavours are Kola Champagne, Ginger Beer, Bubble Gum, Pineapple, Grape and Banana. Both the Ginger Beer and Kola Champagne variants are currently the crowd favourites and represents the flagship of the Lyrix brand. Available in 330mL and 500mL.

Konka Energy Drink
LASCO's non-alcoholic Adult Energy Drink and represents our a significant entry into a growing and dynamic nightlife market.

The brand contains vitamins, taurine, caffeine and enough ingredients to give the energy boost desired while carrying a unique taste that has been getting rave reviews in the marketplace.

Jamaica Mountain Peak Roasted Line
The Jamaica Mountain Peak brand launched its roasted line in convenient, resealable pouches. Available in roasted and ground as well as roasted beans, now coffee drinkers can lock in long lasting freshness and brew the perfect cup of Jamaica Mountain Peak coffee every time.

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INDEPENDENT AUDITORS' REPORT

To the Members of
Lasco Distributors Limited

Report on the Financial Statements

Opinion

We have audited the financial statements of Lasco Distributors Limited set out on pages 59 to 104, which comprise the statement of financial position at 31 March 2019, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Partners: R.L. McFarlane, K.A. Wilson, S.M. McFarlane, J. Green-Hibbert, D. Hobson
Offices in Montego Bay, Mandeville and Ocho Rios
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INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Lasco Distributors Limited

Key audit matters (cont'd)

Key audit matter	How the matter was addressed in our audit
Expected credit losses in relation to financial assets. See notes 3(m)(iii), 5(c)(ii) and 18 to the financial statements for management's related policies and disclosures. The company adopted the accounting standard IFRS 9 'Financial Instruments' effective 1 April 2018. The standard introduced new requirements pertaining to how financial instruments are treated namely; measurement, classification and impairment. In relation to impairment, the standard requires the application of a new forward looking expected credit loss (ECL) impairment model, which takes into account reasonable and supportable forward looking information and will result in the earlier recognition of impairment provision. The introduction of the new standard required the company to establish and implement a new model for measuring the expected credit losses for its financial assets. The most significant impact of the implementation of the new model is to the provisioning policy for the company's trade receivables. Trade receivables (net of expected credit losses) amounted to $2.07 billion at 31 March 2019 and expected credit losses was estimated at $39.22 million. Management makes judgement regarding the collectability of receivables by making certain assumptions and judgements in arriving at the provision for impairment. The company estimates expected credit losses (ECL) on trade receivables using a provision matrix based on historical credit loss experience. Customers were placed in aging buckets and a default risk percentage calculated using the incurred loss analyses over delinquent accounts, the credit history, risk profile of each customer and the aging of receivables.	The company's accounting policy as it relates to the impairment provision for trade receivables was obtained and the reasonableness of the accounting policy assessed in relation to the requirements of the relevant standard. This was achieved by: • We established an understanding of management's ECL model including source data, the effectiveness of the implementation and the mathematical accuracy of the model. We tested the reliability of the source data used in the design of the model by confirming a sample to the historical data. • Testing manual and automated controls over the aging of receivables. Our testing of automated controls involved using our own information technology specialist to test the design, implementation and operating effectiveness of the automated controls. • We evaluated the appropriateness of management's assumptions and judgement in arriving at the forward looking multiple, by assessing the basis of the multiple economic scenarios used and the weighting assigned by management. The main macro factors used were compared to external public information and calculations tested through recomputation. • We determined whether the default risk percentage was accurately calculated and correctly applied to the relevant buckets of accounts receivable. Based on the audit procedures performed, no adjustments to the financial statements were deemed necessary.

To the Members of
Lasco Distributors Limited

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

BDO

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Lasco Distributors Limited

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Lasco Distributors Limited

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Donna Hobson.

BDO

Chartered Accountants

29 May 2019

LASCO DISTRIBUTORS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2019

	Note	2019 $'000	2018 $'000
REVENUE	7	18,130,689	16,269,083
COST OF SALES		(14,581,800)	(13,097,226)
GROSS PROFIT		3,548,889	3,171,857
Other operating income	8	136,006	395,412
		3,684,895	3,567,269
EXPENSES:			
Administrative and other expenses		(2,203,261)	(1,919,204)
Selling and promotion expenses		(775,775)	(568,172)
	9	(2,979,036)	(2,487,376)
OPERATING PROFIT		705,859	1,079,893
Finance costs	11	(13,917)	(524)
PROFIT BEFORE TAXATION		691,942	1,079,369
Taxation	12	(94,161)	(75,490)
NET PROFIT FOR THE YEAR		597,781	1,003,879
OTHER COMPREHENSIVE INCOME:			
Item that will not be reclassified to profit or loss -			
Share option plan	25(b)	118	10,304
Unrealised gains on financial instruments		12,709	-
TOTAL COMPREHENSIVE INCOME		610,608	1,014,183
EARNINGS PER STOCK UNIT	13		
Basic		17.51¢	29.42¢
Diluted		17.46¢	29.19¢

LASCO DISTRIBUTORS LIMITED

STATEMENT OF FINANCIAL POSITION

31 MARCH 2019

	Note	2019 $'000	2018 $'000
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	14	1,834,487	1,481,386
Intangible assets	15	113,362	133,569
Financial assets at fair value through other comprehensive income	16	53,773	-
		2,001,622	1,614,955
CURRENT ASSETS:			
Inventories	17	2,467,632	2,483,422
Receivables	18	2,570,870	2,491,497
Related companies	19	77,858	38,504
Directors' current account	19	12,359	18,335
Taxation recoverable		1,707	25,613
Short term investments	20	196,817	118,686
Cash and cash equivalents	21	1,310,797	1,719,254
		6,638,040	6,895,311
		8,639,662	8,510,266
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	22	467,739	428,782
Revaluation reserve	23	75,387	75,387
Fair value reserve	24	12,709	-
Other reserve	25(c)	9,697	23,252
Retained earnings		4,623,455	4,042,433
		5,188,987	4,569,854
NON-CURRENT LIABILITIES:			
Long term loans	26	93,333	173,333
Deferred tax liability	27	20,283	16,307
		113,616	189,640
CURRENT LIABILITIES:			
Payables	28	2,842,566	3,596,852
Short term loan	29	200,000	-
Current portion of long term loans	26	246,667	88,333
Taxation		47,826	65,587
		3,337,059	3,750,772
		8,639,662	8,510,266

Approved for issue by the Board of Directors on 29 May 2019 and signed on its behalf by:

Hon. Lascelles A. Chin, O.J, C.D, LLD (Hon. Causa)
Chairman

Colin Maxwell
Director

LASCO DISTRIBUTORS LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2019

	Note	Share Capital $'000	Revaluation Reserve $'000	Fair Value Reserve $'000	Other Reserve $'000	Retained Earnings $'000	Total $'000
BALANCE AT 1 APRIL 2017		319,050	75,387	-	52,257	3,601,442	4,048,136
TOTAL COMPREHENSIVE INCOME							
Net profit		-	-	-	-	1,003,879	1,003,879
Other comprehensive income		-	-	-	10,304	-	10,304
		-	-	-	10,304	1,003,879	1,014,183
TRANSACTION WITH OWNERS							
Issue of shares	22	70,423	-	-	-	-	70,423
Transfer from other reserves	25(c)	39,309	-	-	(39,309)	-	-
Dividends paid	30	-	-	-	-	(154,984)	(154,984)
Dividends proposed	30	-	-	-	-	(407,904)	(407,904)
		109,732	-	-	(39,309)	(562,888)	(492,465)
BALANCE AT 31 MARCH 2018		428,782	75,387	-	23,252	4,042,433	4,569,854
Impact of initial application IFRS 9		-	-	-	-	(16,525)	(16,525)
BALANCE AT 1 APRIL 2018		428,782	75,387	-	23,252	4,025,908	4,553,329
TOTAL COMPREHENSIVE INCOME							
Net profit		-	-	-	-	597,781	597,781
Other comprehensive income		-	-	12,709	118	-	12,827
		-	-	12,709	118	597,781	610,608
TRANSACTION WITH OWNERS							
Issue of shares	22	25,284	-	-	-	-	25,284
Transfer from other reserves	25(c)	13,673	-	-	(13,673)	-	-
Dividends paid	30	-	-	-	-	(234)	(234)
		38,957	-	-	(13,673)	(234)	25,050
BALANCE AT 31 MARCH 2019		467,739	75,387	12,709	9,697	4,623,455	5,188,987

LASCO DISTRIBUTORS LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2019

	2019 $'000	2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit	597,781	1,003,879
Items not affecting cash resources:		
Allowances for expected credit losses	(16,525)	-
Unrealised exchange loss/(gain) on foreign balances	63,271	(10,056)
Loss on disposal of property, plant and equipment	-	83
Stock options – value of services expensed	118	10,304
Depreciation and amortisation	146,826	97,588
Interest income	(19,204)	(21,502)
Interest expense	13,917	524
Taxation expense	94,161	75,490
	880,345	1,156,310
Changes in operating assets and liabilities:		
Inventories	15,790	(76,687)
Receivables	(119,783)	(376,172)
Directors' current account	5,976	97
Payables	(359,545)	293,369
Related companies	(39,354)	36,163
	383,429	1,033,080
Taxation paid	(84,040)	(76,244)
Cash provided by operating activities	299,389	956,836
CASH FLOWS FROM INVESTING ACTIVITIES:		
Short term investments (note 21c)	(80,401)	193,329
Financial assets at fair value through other comprehensive income (note 21b)	(43,291)	-
Interest received	17,811	26,067
Proceeds from disposal of property, plant and equipment	-	500
Purchase of intangible software	(7,736)	(67,915)
Purchase of property, plant and equipment	(471,984)	(224,654)
Cash used in investing activities	(585,601)	(72,673)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issue of shares	25,284	70,423
Interest paid	(13,917)	(524)
Dividends paid	(408,138)	(154,984)
Loan received	400,000	89,869
Loan repayments	(121,666)	(180,000)
Cash used in financing activities	(118,437)	(175,216)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(404,649)	708,947
Exchange (loss)/gain on cash balances	(3,808)	(1,920)
Cash and cash equivalents at beginning of year	1,719,254	1,012,227
CASH AND CASH EQUIVALENTS AT END OF YEAR (note 21)	1,310,797	1,719,254

LASCO DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

1. **IDENTIFICATION AND PRINCIPAL 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. The company is listed on the Junior Market of the Jamaica Stock Exchange.

(b) The principal activity of the company is the distribution of pharmaceuticals and consumable items. The company also exports some of its consumable items.

2. **REPORTING CURRENCY:**

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). These financial statements are presented in Jamaican dollars, which is considered the company's functional and presentation currency.

3. **SIGNIFICANT ACCOUNTING POLICIES:**

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented. Amounts are rounded to the nearest thousand, unless otherwise stated.

(a) **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings. They are also prepared in accordance with requirements of the Jamaican Companies Act.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

New, revised and amended standards and interpretations that became effective during the year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The company has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following interpretations and amendments are relevant to its operations:

In these financial statements, the company adopted IFRS 9, Financial Instruments and IFRS 15, Revenue from Contracts with Customers with a transitional date of 1 April 2018. These standards were applied on a retrospective basis, with certain exceptions. As permitted, the company did not restate its prior period comparative financial statements.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd)**

New, revised and amended standards and interpretations that became effective during the year (cont'd)

The nature and the impact of the new standards and amendments is described below:

IFRS 9, 'Financial Instruments', (effective for accounting periods beginning on or after 1 January 2018). IFRS 9 replaces IAS 39 as at 1 January 2018. The company has not restated comparative information for 2018 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2018 is reported under IAS 39 and is not comparable to the information presented for 2019.

Changes to classification and measurement

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVPL), available for sale (AFS), held-to-maturity and loans and receivables at amortised cost) have been replaced by:

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVPL)

The accounting for financial liabilities remains largely the same as it was under IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVPL. Such movements are presented in OCI with no subsequent reclassification to the income statement.

Changes to the impairment calculation

The adoption of IFRS 9 has fundamentally changed the company's accounting for doubtful debt provision by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the company to record an allowance for ECLs for trade receivables. The allowance is based on the ECLs associated probability of default in the next twelve months, unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in ECLs over the life of the asset.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd)**

New, revised and amended standards and interpretations that became effective during the year (cont'd)

IFRS 15, 'Revenue from Contracts with Customers', (effective for accounting periods beginning on or after 1 January 2018). The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction Contracts' and related interpretations.

Under IFRS 15, an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, following a five step model: Step 1: Identify the contract(s) with a customer (agreement that creates enforceable rights and obligations); Step 2: Identify the different performance obligations (promises) in the contract and account for those separately; Step 3: Determine the transaction price (amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services); Step 4: Allocate the transaction price to each performance obligation based on the relative stand-alone selling prices of each distinct good or service; and Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation by transferring control of a promised good or service to the customer. A performance obligation may be satisfied at a point in time or over time.

IFRS 15 also includes disclosure requirements to provide comprehensive information about the amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Management has assessed the impact on the financial statements and noted that the impact is not material. Management has utilised the modified retrospective transition approach. The company applied IFRS 15 on 1 April 2018 and has elected not to restate comparative information in accordance with the transitional provisions. As a result, the comparative information provided continues to be accounted for in accordance with the company's previous accounting policy.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd)**

New standards, amendments and interpretation not yet effective and not early adopted

At the date of authorization of these financial statements, there were certain new standards, amendments and interpretations to existing standards which were in issue but not yet effective and which the company has not early adopted.

IFRIC 23, 'Uncertainty over Income Tax Treatments' (effective for accounting periods beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income Taxes', are applied where there is uncertainty over income tax treatments. The IFRIC had clarified previously that IAS 12, not IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. The adoption of this standard is not expected to have a significant impact on the company.

(b) **Foreign currency translation**

Foreign currency translations are accounted for at the exchange rates prevailing at the dates the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in profit or loss.

(c) **Property, plant and equipment**

Items of property, plant and equipment are recorded at historical cost or deemed cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(c) **Property, plant and equipment (cont'd)**

Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation on all other items of property, plant and equipment is calculated on the straight-line method to write off the cost of assets or the revalued amounts, to their residual values over their estimated useful lives. Land is not depreciated as it is deemed to have an indefinite life. The expected useful lives of the other property, plant and equipment are as follows:

Buildings	40 years
Furniture and fixtures	10 years
Equipment	5 years
Motor vehicles	5 years
Computer	5 years

Gains or losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amounts and are included in profit or loss. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

(d) **Intangible assets**

Intangible assets represent computer software and distribution rights of CIPLA products. Computer software is deemed to have a finite useful life of five years and is measured at cost, less accumulated amortisation and accumulated impairment losses, if any. Distribution rights is deemed to have an indefinite life, it is initially recognized at cost and reviewed annually for impairment losses.

(e) **Inventories**

Inventories are stated at the lower of cost and fair value less costs to sell, cost being determined on the first-in, first-out basis. Fair value less costs to sell is the estimated selling price in the ordinary course of business, less selling expenses.

(f) **Provisions**

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(g) **Revenue recognition**

Policy applicable after 1 April 2018

Sale of goods

Revenue is recognised at a point in time in the amount of the price, before tax on sales, expected to be received by the company for goods supplied as a result of their ordinary activities, as contractual performance obligations are fulfilled, and control of goods passes to the customer. Revenue is decreased by any trade discounts granted to customers.

For contracts that permit return of goods, revenue is recognised to the extent that it is highly probable that a significant reversal will not occur.

The right to recover returned goods is measured at the former carrying amount of inventory less any expected cost to recover.

Interest income

Interest income is recognised in profit or loss using the effective interest method. The "effective interest rate" is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instruments to its gross carrying amount.

When calculating the effective interest rate for financial instruments, the company estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

Policy applicable before 1 April 2018

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances and discounts.

Interest income is recognized in the income statement for all interest bearing instruments on an accrual basis unless collectibility is doubtful.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(h) **Impairment of non-current assets**

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash flows. Non financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) **Investments**

Debt instruments

Investment securities are initially recognized at cost, which includes transaction costs and are classified as these to be measured subsequently at fair value through other comprehensive income. Management determines the appropriate classification of investments at the time of purchase based on the objectives of the company's business model for managing financial instruments and the contractual cash flow characteristics of the instruments. The assumption made by management is that these investment securities are managed within a business model of collecting contractual cash flows and to sell.

Equity instruments

The fair values of quoted instruments are based on the spread between the bid and ask prices at valuation date. Upon initial recognition, the company irrevocably classifies its equity instruments at fair value through other comprehensive income (FVOCI) when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Equity instruments at FVOCI are not subject to an impairment assessment.

(j) **Current and deferred income taxes**

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The company's liability for current tax is calculated at tax rates that have been enacted at the reporting date.

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(j) **Current and deferred income taxes (cont'd)**

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income or equity, in which case deferred tax is also dealt with in other comprehensive income or equity.

(k) **Trade and other payables**

Trade payables are stated at amortized cost.

(l) **Employee benefits**

(i) Defined contribution plan

The company operates a defined contribution pension plan which is funded by employees' contribution of 5% of salary and employer's contribution of 5%. Once the contributions have been paid, the company has no further obligations. Contributions are charged to the statement of profit or loss, in the year to which they relate.

(ii) Profit-sharing and bonus plan

The company recognizes a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's stockholders after certain adjustments. The company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(iii) Annual vacation leaves and other benefits

Employee entitlement to annual vacation leave and other benefits are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave and other benefits as a result of services rendered by employees up to the end of the reporting period.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(l) **Employee benefits (cont'd)**

(iv) Share-based compensation

The company operates an equity-settled share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense, with corresponding increase in equity, over the period in which the employee becomes vested to the company. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At the end of each reporting period, the company revises its estimates of the number of options that are expected to become exercisable.

It recognizes the impact of the revision of original estimates, if any, in the statement of profit or loss, and a corresponding adjustment to equity over the remaining vesting period.

The fair value of employee stock options is measured using a Black-Scholes-Merton formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), weighted average expected life of the instruments (based on historical experience and general option holder behaviours), expected dividends, and the risk-free interest rate (based on treasury bill rates). Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair value.

(m) **Financial instruments**

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets

Policy applicable after 1 April 2018

(i) **Classification**

The company classifies all its of financial instruments at initial recognition based on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets recorded at FVPL, transaction costs are added to, or subtracted from, this amount.

The company classifies its financial assets as those measured at amortised cost and fair value through other comprehensive income.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(m) **Financial instruments (cont'd)**

Financial assets (cont'd)

Policy applicable after 1 April 2018 (cont'd)

(i) **Classification (cont'd)**

Amortised cost

These assets arise principally from the provision of goods and services to customers (eg. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest (SPPI). They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The company's financial assets measured at amortised cost comprise trade and other receivables, related company balances, short term deposits and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents are carried in the statement of financial position at fair value. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand and short term deposits with original maturities of three months or less.

Fair value through other comprehensive income (FVOCI)

The company has made an irrevocable election to classify its investments at fair value through other comprehensive income rather than through profit or loss as the company considers this measurement to be the most representative of the business model for those assets. They are carried at fair value with changes in fair value recognized in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

The company's financial assets measured at FVOCI are its investments securities which includes equity instruments in the statement of financial position.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(m) **Financial instruments (cont'd)**

Financial assets (cont'd)

Policy applicable after 1 April 2018 (cont'd)

(ii) **Recognition and Measurement**

Financial assets are initially recognized on the settlement date, which is the date that an asset is delivered to the company. This includes regular purchases of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Translation differences and changes in fair value of non-monetary securities classified as fair value through other comprehensive income (FVOCI) are recognized in other comprehensive income.

Dividends on FVOCI equity instruments are recognized in profit or loss as part of other operating income when the company's right to receive payment is established.

The company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains all or substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognized financial assets that is created or retained by the company is recognized as a separate asset or liability.

When securities classified as FVOCI are sold or impaired, the accumulated fair value adjustments previously recognized as other comprehensive income is not recycled to the profit or loss but instead is transferred within reserves to retained earnings.

(iii) **Impairment**

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses (ECL).

During this process the probability of the non-payment of the trade receivables is assessed by taking into consideration historical rates of default for each segment of trade receivables as well as the estimated impact of forward looking information. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within the statement of profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(m) **Financial instruments (cont'd)**

Policy applicable after 1 April 2018 (cont'd)

Financial liabilities

The company's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. At the reporting date, the following items were classified as financial liabilities: trade and other payables and loans.

The company derecognises a financial liability when its contractual obligations expire or are discharged or cancelled.

Policy applicable before 1 April 2018

Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets

(i) **Classification**

The company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables) but also incorporate other types of contractual monetary asset.

The company's loans and receivables comprise trade and other receivables, short term investments, related companies and cash and cash equivalents. They are included in current assets.

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand and short term deposits with original maturity of three months or less.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(m) **Financial instruments (cont'd)**

Policy applicable before 1 April 2018 (cont'd)

Financial instruments (cont'd)

Financial assets (cont'd)

(ii) **Recognition and Measurement**

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

The company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from other comprehensive income and recognized in profit or loss.

For loans and receivables impairment provisions are recognized when there is objective evidence that the company will not collect all of the amounts due under the terms receivable. The amount of the provision is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables which are reported net, such provisions are recorded in a separate provision account with the loss being recognized in profit or loss. On confirmation that the trade receivable is uncollectible, it is written off against the associated provision. Subsequent recoveries of amounts previously written off are credited to profit or loss.

Financial liabilities

The company's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. At the reporting date, trade and other payables and long term loans were classified as financial liabilities.

(n) **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributed to the issue of ordinary shares are recognized as a deduction from equity.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(o) **Other receivables**

Other receivables are stated at amortized cost less impairment losses, if any.

(p) **Segment reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Operating segments are reported in a manner consistent with internal reporting to the company's chief operating decision maker.

(q) **Dividend distribution**

Dividend distribution to the company's shareholders is recognized as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders. In the case of interim dividends, this is recognized when declared by the directors.

Dividends for the year that are declared after the reporting date are dealt with in the subsequent events note.

(r) **Borrowings**

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in profit or loss over the period of the borrowings.

4. **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:**

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) **Critical judgements in applying the company's accounting policies**

In the process of applying the company's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognized in the financial statements.

(b) **Key sources of estimation uncertainty**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:

(a) Key sources of estimation uncertainty (cont'd)

(i) Income taxes

Estimates are required in determining the provision for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain. The company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(ii) Allowance for impairment losses on trade receivables

Allowances for doubtful accounts were established using the total credit sales as at 31 March 2019, excluding Government receivables and cash on delivery invoices. For all other credit sales, a payment pattern was determined for customers within this segment. Based on the incurred loss analyses over delinquent accounts, the credit history, risk profile of each customer and aging of receivables, customers were placed in aging buckets and a default risk percentage calculated for each bucket. Effective 1 April 2018, such allowances are determined upon origination of the trade receivable based on a model that calculates the expected credit loss (ECL) of the trade receivables.

Under this ECL model, the company segments its trade receivable in a matrix by days past due and determined for each age bracket an average rate of ECL, considering actual credit loss experience over the last 12 months and analysis of future delinquency, that is applied to the balance of the trade receivables.

The historical loss rates were adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The company has also identified and assessed the change in the industry in which it sells its goods and has included its impact on historical loss rate percentage.

The average ECL rate increases in each segment of days past due until the rate is 100% for the segment of 365 days or more past due. The use of assumptions make uncertainty inherent in such estimates.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):

(a) Key sources of estimation uncertainty (cont'd)

(iii) Depreciable assets

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The company applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in the statement of income through impairment or adjusted depreciation provisions.

(iv) Net realizable value of inventories

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realize. The estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

Estimates of net realizable value also take into consideration the purpose for which the inventory is held.

5. FINANCIAL RISK MANAGEMENT:

The company is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price, and
- Liquidity risk

In common with all other businesses, the company is exposed to risks that that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used tomeasure them from previous periods unless otherwise stated in this note.

FINANCIAL RISK MANAGEMENT:

(a) **Principal financial instruments**

The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Short term investments
- Long term and short term loans
- Due from related companies
- Financial assets at fair value through other comprehensive income

(b) **Financial instruments by category**

Financial assets

	Fair value through other comprehensive income		Amortised cost	Loans and receivables
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Financial assets at fair value through other comprehensive income	29,058	-	24,715	-
Short term investments	-	-	196,817	118,686
Cash and cash equivalents	-	-	1,310,797	1,719,254
Due from related companies	-	-	77,858	38,504
Receivables	-	-	2,289,673	2,095,997
Total financial assets	29,058	-	3,899,860	3,972,441

Financial liabilities

	Financial liabilities at amortized cost	
	2019 $'000	2018 $'000
Payables	2,685,210	2,992,984
Short term loan	200,000	-
Long term loans	340,000	261,666
Total financial liabilities	3,225,210	3,254,650

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors**

The Board has overall responsibility for the determination of the company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the company's finance function. The Board receives monthly reports from the Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The company's internal auditors also review the risk management policies and processes and report their findings to the Audit Committee.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the company's competitiveness and flexibility. Further details regarding these policies are set out below:

(i) **Market risk**

Market risk arises from the company's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises from transactions for sales, purchases and US dollar cash and bank balances. The company manages this risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The company further manages this risk by maximizing foreign currency earnings and holding net foreign currency assets.

Concentration of currency risk

The company is exposed to foreign currency risk in respect of US dollar as follows:

	2019 $'000	2018 $'000
Financial assets at fair value through other comprehensive income	24,715	-
Short term investments	124,735	50,239
Cash and cash equivalents	176,660	446,231
Trade receivables	530,214	582,964
Other receivables	233,188	75,848
Trade payables	(921,693)	(945,375)
	167,819	209,907

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(i) **Market risk (cont'd)**

Foreign currency sensitivity

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated cash and bank balances, accounts receivable, investments and payable balances, and adjusts their translation at the year-end for 4% (2018 – 4%) depreciation and a 2% (2018 – 2%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

	% Change in Currency Rate 2019	Effect on Profit before Taxation 2019 $'000	% Change in Currency Rate 2018	Effect on Profit before Taxation 2018 $'000
Currency:				
USD	-4	6,713	-4	8,396
USD	+2	3,356	+2	(4,198)

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The company is exposed to market price fluctuations arising from equity securities held, however, this is not considered to be significant.

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Floating rate instruments expose the company to cash flow interest rate risk, whereas fixed rate instruments expose the company to fair value interest rate risk.

The company is primarily exposed to cash flow interest rate risk on its short term investments.

Short term investments, investment securities and long term loans are the only interest bearing assets and liabilities respectively, within the company. The company's short term investments are due to mature within a year of the reporting date.

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(i) **Market risk (cont'd)**

Interest rate sensitivity

There is no significant exposure to interest rate risk on short term deposits, as these deposits have a short term to maturity and are constantly reinvested at current market rates.

Investment securities has no significant exposure to interest rate risk, as loan notes are at a fixed interest rate.

There is no significant exposure to interest rate risk on borrowings. A 1% increase /1% decrease (2018 – 1% increase/1% decrease) in interest rates on Jamaican dollar borrowings would result in a $5,400,000 decrease/ increase (2018 – $2,616,000 decrease/increase) in profit before tax for the company.

(ii) **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from trade receivables, related company balances and cash and bank balances.

Trade receivables

Revenue transactions in respect of the company's primary operations are done on a cash or credit basis. The company has policies in place to ensure that sales are made to customers with an appropriate credit history.

Cash and bank balances

Cash transactions are limited to high credit quality financial institutions. The company has policies that limit the amount of credit exposure to any one financial institution.

Maximum exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of trade and other receivables and cash and cash equivalents in the statement of financial position.

Trade receivables expected credit losses

The impairment requirements of IFRS 9 are based on the Expected Credit Loss (ECL) model. The guiding principle of the ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments.

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(ii) **Credit risk (cont'd)**

Trade receivables expected credit losses (cont'd)

For trade receivables and contract assets that do not have a financing component, it is a requirement of IFRS 9 to recognize a lifetime expected credit loss. This was achieved in the current year by the development and application of historical data relating to trade receivables and write-offs, as well as forecasting payment probabilities based on historical payment pattern.

The 2019 trade receivables were analyzed in compliance with IFRS 9 and the amount presented in the financial statements appears reasonable and in compliance with the required standard.

The company estimates expected credit losses (ECL) on trade receivables using a provision matrix based on historical credit loss experience. Based on the incurred loss analyses over delinquent accounts, the credit history, risk profile of each customer and aging of receivables, customers were placed in aging buckets and a default risk percentage calculated for each bucket of customers. The following table provides information about the ECLs for trade receivables as at 31 March 2019.

Aging	Gross Carrying Amount $'000	Default Rate %	Lifetime ECL Allowance $'000
Government			
0 -30 days	142,865	0.00	-
31 - 60 days	39,732	0.00	-
61 – 90 days	17,255	0.00	-
Over 90 days	225,695	0.00	-
	425,547		-

Aging	Gross Carrying Amount $'000	Default Rate %	Lifetime ECL Allowance $'000
Other receivables -			
0 -30 days	1,235,396	1.92	23,720
31 - 60 days	331,098	1.52	5,033
61 – 90 days	40,438	7.36	2,977
Over 90 days	83,666	8.96	7,496
	1,690,598		39,226
Total	2,116,145		39,226

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(ii) **Credit risk (cont'd)**

Trade receivables expected credit losses (cont'd)

The aging of trade receivables is:

	2019 $'000	2018 $'000
0-30 days	1,378,261	1,361,105
31-60 days	370,830	289,321
61-90 days	57,693	43,466
Over 90 days	309,361	303,878
	2,116,145	1,997,770

Trade receivables that are past due but not impaired

As at 31 March 2019, trade receivables of $270,398,000 (2018 - $273,114,000) were past due but not impaired. This includes $207,767,000 (2018 - $180,923,000) for Roche customers. The others relate to independent customers for whom there is no recent history of default.

Trade receivables that are past due and impaired

As at 31 March 2019, the company had trade receivables of $39,225,000 (2018 - $18,065,000) that were impaired. The amount of the provision was $39,225,000 (2018 - $18,065,000). These receivables were aged over 90 days.

Movements in the provision for expected credit losses are as follows:

	2019 $'000	2018 $'000
At 1 April	18,065	49,459
Adjustment to expected credit losses on adoption of IFRS 9	16,525	-
Provision for expected credit losses	4,636	1,820
Receivables written off during the year as uncollectible	-	(33,214)
At 31 March	39,226	18,065

The creation and release of provision for expected credit losses have been included in profit or loss. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(iii) **Liquidity risk**

Liquidity risk is the risk that the company will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, and the availability of funding through an adequate amount of committed credit facilities.

Liquidity risk management process

The company's liquidity management process, as carried out within the company and monitored by the Finance Department, includes:

(i) Monitoring future cash flows and liquidity on a daily basis.
(ii) Maintaining a portfolio of short term investment balances that can easily be liquidated as protection against any unforeseen interruption to cash flow.
(iii) Maintaining committed lines of credit.
(iv) Optimising cash returns on investments.

Cash flows of financial liabilities

The maturity profile of the company's financial liabilities, based on contractual undiscounted payments, is as follows:

	Within 1 Year $'000	1 to 2 Years $'000	2 to 5 Years $'000	Total $'000
31 March 2019				
Long term loans	262,294	98,408	-	360,702
Short term loan	200,000	-	-	200,000
Payables	2,685,210	-	-	2,685,210
Total financial liabilities (contractual maturity dates)	3,147,504	98,408	-	3,245,912

	Within 1 Year $'000	1 to 2 Years $'000	2 to 5 Years $'000	Total $'000
31 March 2018				
Long term loans	107,244	91,890	98,408	297,542
Payables	2,992,984	-	-	2,992,984
Total financial liabilities (contractual maturity dates)	3,100,228	91,890	98,408	3,290,526

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(d) **Capital management**

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders. The Board of Directors monitors the return on capital, which the company defines as net operating income, excluding non-recurring items, divided by total stockholders' equity. The Board of Directors also monitors the level of dividends to stockholders.

There are no particular strategies to determine the optimal capital structure. There are also no external capital maintenance requirements to which the company is subject.

6. **SEGMENT REPORTING:**

The company has two reportable segments which are based on the different types of products that it offers. These products are described in its principal activities (Note 1). The identification of business segments, is based on the management and internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

Information regarding results of each reportable segment is included below. Performance is measured on segment profit before taxation as included in the management reports. Segment profit before taxation is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

	2019		
	Consumer Division $'000	Pharmaceutical Division $'000	Total $'000
Revenue -			
Total revenue	15,146,378	2,984,311	18,130,689
Segment result	508,211	89,570	597,781
Segment assets(1)	3,501,288	1,270,968	4,772,256
Unallocated assets			3,867,406
Total assets			8,639,662
Segment liabilities(2)	2,369,828	303,409	2,673,237
Unallocated liabilities			777,438
Total liabilities			3,450,675

6. **SEGMENT REPORTING (CONT'D):**

	2018		
	Consumer Division $'000	Pharmaceutical Division $'000	Total $'000
Revenue -			
Total revenue	13,640,109	2,628,974	16,269,083
Segment result	778,234	225,645	1,003,879
Segment assets(1)	3,305,752	1,234,863	4,540,615
Unallocated assets			3,969,651
Total assets			8,510,266
Segment liabilities(2)	2,445,902	545,072	2,990,974
Unallocated liabilities			949,438
Total liabilities			3,940,412
Other items -			
Finance income	21,502	-	21,502
Finance costs	524	-	524

(1) Reportable segments' assets are reconciled to the company's total assets as follows:

	2019 $'000	2018 $'000
Segment assets from reportable segments	4,772,256	4,540,615
Unallocated assets -		
Property, plant and equipment	1,834,487	1,481,386
Intangible assets	113,362	133,569
Financial assets at fair value through other comprehensive income	53,773	-
Taxation recoverable	1,707	25,613
Related companies	77,858	38,504
Other receivables	278,605	452,639
Short term investments	196,817	118,686
Cash and bank balances	1,310,797	1,719,254

6. SEGMENT REPORTING (CONT'D):

(2) Reportable segments' liabilities are reconciled to the company's total liabilit as follows:

	2019 $'000	2018 $'000
Segment liabilities from reportable segments	2,673,237	2,990,974
Unallocated liabilities -		
Payables	169,329	605,878
Long term loans	340,000	261,666
Deferred tax liability	20,283	16,307
Taxation	47,826	65,587
Short term loan	200,000	-
	3,450,675	3,940,412

7. REVENUE:

Revenue represents the price of goods sold and transferred to customers at a point in time, after discounts and allowances.

8. OTHER OPERATING INCOME:

	2019 $'000	2018 $'000
Commission –		
Roche	111,671	63,217
Interest income	19,204	21,502
Rental income	-	220
Miscellaneous income	5,131	37,195
Compensation and award from Pfizer case (note 33)	-	273,278
	136,006	395,412

The company has a non-exclusive distribution agreement with Productos Roche Interamerica S.A. – Diagnostics Division (Roche) to distribute its products in Jamaica. Commission is earne on sales and collection of receivables.

9. EXPENSES BY NATURE:

Total administrative, selling and other expenses:

	2019 $'000	2018 $'000
Staff costs (note 10)	1,531,698	1,415,612
Directors' fees	17,736	12,212
Property expenses	76,767	81,105
Transportation and communication	84,724	74,268
Advertising and promotion	377,930	266,478
Management and consultancy fees	91,949	75,560
Legal and professional fees	16,836	45,402
Insurance	86,804	54,440
Stationery	18,608	17,053
Office rental	900	8,146
Utilities and postage	86,366	73,683
Security	107,269	89,429
Donations and subscriptions	98,992	82,285
Bank charges	73,729	74,092
Auditors' remuneration	6,500	6,000
Foreign exchange loss/(gain)	63,271	(10,056)
GCT irrecoverable	28,573	25,201
Expected credit losses/(recoverable)	5,091	(15,525)
Computer repairs expense	3,186	4,093
Depreciation and amortisation	146,826	97,588
Other expenses	55,281	10,310
	2,979,036	2,487,376

10. STAFF COSTS:

	2019 $'000	2018 $'000
Salaries and wages	906,462	838,562
Directors' remuneration	92,125	85,101
Statutory contributions	107,105	98,689
Pension costs	30,943	29,834
Share options - employees	118	10,304
Commission	217,937	187,181
Accommodation	12,573	14,645
Other	164,435	151,296
	1,531,698	1,415,612

The average number of persons employed by the company during the year was four hundred and eighty eight (488), the same as in prior year.

11. FINANCE COSTS:

	2019 $'000	2018 $'000
Interest expense –		
Loan interest	13,285	-
Other interest	632	524
	13,917	524

12. TAXATION EXPENSE:

(a) Taxation is computed on the profit for the year, adjusted for tax purposes, and comprises income tax at 25%.

	2019 $'000	2018 $'000
Current taxation	67,497	81,669
Prior year under/(over) provision	22,688	(3,986)
Deferred taxation (note 27)	3,976	(2,193)
	94,161	75,490

(b) The tax on the profit before taxation differs from the theoretical amount that would arise using the applicable tax rate as follows:

	2019 $'000	2018 $'000
Profit before taxation	691,942	1,079,369
Taxation calculated @ 25%	172,985	269,842
Adjusted for the effects of:		
Expenses not deducted for tax purposes	75,751	8,774
Unrealized foreign exchange gain	8,895	(2,514)
Capital allowances	(54,254)	(28,941)
Deferred taxation	3,976	(2,192)
Other	(12,500)	23,519
Prior year under/(over) provision	22,688	(3,986)
Employment tax credit	(55,883)	(67,700)
Income not subject to tax	-	(39,643)
	161,658	157,159
Adjustment for the effect of tax remission		
Current tax	(67,497)	(81,669)
Taxation charge in income statement	94,161	75,490

12. TAXATION EXPENSE (CONT'D):

(c) Remission of income tax:

The company's shares were listed on the Jamaica Stock Exchange Junior Market, 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 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 remissions.

13. EARNINGS PER STOCK UNIT:

Basic earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue at year end.

	2019	2018
Net profit attributable to stockholders ($'000)	597,781	1,003,879
Weighted average number of ordinary stocks units ('000)	3,413,013	3,412,486
Basic earnings per stock unit (¢ per share)	17.51	29.42

The diluted earnings per stock unit is calculated by adjusting the weighted average number of ordinary stock units in issue at the year end to assume conversion of all dilutive potential ordinary stock units.

	2019	2018
Net profit attributable to stockholders ($'000)	597,781	1,003,879
Weighted average number of ordinary stocks units ('000)	3,413,013	3,412,486
Adjusted for share options ('000)	9,552	27,078
	3,422,565	3,439,564
Diluted earnings per stock unit (¢ per share)	17.46	29.19

14. PROPERTY, PLANT AND EQUIPMENT:

	Freehold Land & Buildings $'000	Computer $'000	Furniture, Fixtures & Equipment $'000	Assets Under Construction $'000	Motor Vehicles $'000	Total $'000
Cost/deemed cost -						
1 April 2017	270,128	134,458	272,061	870,439	91,681	1,638,767
Additions	1,453	4,369	31,050	187,782	-	224,654
Disposal	-	-	-	-	(1,250)	(1,250)
31 March 2018	271,581	138,827	303,111	1,058,221	90,431	1,862,171
Additions	24,181	26,684	77,190	332,317	11,612	471,984
Transfer	995,254	-	-	(995,254)	-	-
31 March 2019	1,291,016	165,511	380,301	395,284	102,043	2,334,155
Depreciation -						
1 April 2017	61,594	63,489	119,537	-	45,274	289,894
Charge for the year	5,486	22,291	46,717	-	17,064	91,558
Disposal	-	-	-	-	(667)	(667)
31 March 2018	67,080	85,780	166,254	-	61,671	380,785
Charge for the year	20,909	23,899	58,736	-	15,339	118,883
31 March 2019	87,989	109,679	224,990	-	77,010	499,668
Net Book Value -						
31 March 2019	1,203,027	55,832	155,311	395,284	25,033	1,834,487
31 March 2018	204,501	53,047	136,857	1,058,221	28,760	1,481,386

The net book value of property, plant and equipment includes assets under construction amounting to $395,285,444 relating to the renovation of a warehouse acquired during the year. The cost will be depreciated once the property is complete and available for use.

Borrowing costs capitalised during the year amounted to $7,077,589.

The warehouse construction was completed in August 2018 and the building cost of $1,019,435,000 capitalised.

15. INTANGIBLE ASSETS:

	$'000
Cost:	
At 1 April 2017	71,802
Acquisition during the year	67,915
At 31 March 2018	139,717
Acquisition during the year	7,736
31 March 2019	147,453
Amortisation:	
At 1 April 2017	118
Charge for the year	6,030
At 31 March 2018	6,148
Charge for the year	27,943
31 March 2019	34,091
Net book value:	
31 March 2019	113,362
31 March 2018	133,569

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME:

	Units	2019 $'000	2018 $'000
Equities	681,475	29,058	-
Non convertible loan notes	-	24,715	-
	681,475	53,773	-

Financial assets at fair value through other comprehensive income represent quoted equities held in Seprod Jamaica Limited and unsecured Convertible loan notes held in Cannim Group Pty Limited.

Convertible loan notes purchased 31 January 2019, attract an interest rate of 8% per annum and matures on 31 October 2020. The company's loan notes will automatically convert to shares at the lower of 80% of the initial public offer price or the price per share based on a US$75 million value of Cannim Group Pty Limited.

17. INVENTORIES:

	2019 $'000	2018 $'000
Goods for resale –		
Roche	147,929	217,342
Regular trade	2,082,617	1,873,614
Goods-in-transit	237,086	392,466
	2,467,632	2,483,422

18. **RECEIVABLES:**

	2019 $'000	2018 $'000
Trade receivables -		
Roche (see below)	341,300	346,380
Regular trade	1,774,845	1,651,390
	2,116,145	1,997,770
Less: Provision for expected credit losses	(39,226)	(18,065)
	2,076,919	1,979,705
Other receivables	493,951	511,792
	2,570,870	2,491,497

Included in trade receivables for Roche are items on which Roche bears the credit risks solely. The corresponding liability is included in trade payables (note 28).

19. **RELATED PARTY TRANSACTIONS AND BALANCES:**

	2019 $'000	2018 $'000
(a) **Transactions between the company and its related companies**		
Purchases of goods and services/foreign currency:		
Lasco Manufacturing Limited -		
Goods	7,482,841	6,522,674
Lasco Financial Services Limited -		
Foreign currency	42,006	3,201,664
Loan to related company:		
Lasco Financial Services Limited	-	303,042
(b) **Key management compensation (included in staff costs - Note 10):**		
Key management includes directors and senior managers –		
Salaries and other short-term employee benefits	148,208	154,603
Share based payments	34,187	28,497
Directors' emoluments –		
Fees	17,736	12,212
Management remuneration (included above)	92,125	85,101
Share based payments	29,380	25,267

19. **RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):**

(c) **Year end balances arising from transactions with related parties**

	2019 $'000	2018 $'000
With related companies:		
Due from –		
Lasco Manufacturing Limited	68,665	37,070
Lasco Financial Services Limited	9,193	1,434
	77,858	38,504
Lasco Manufacturing Limited (included in trade receivables)	83	158
Lasco Financial Services Limited (included in trade and other receivables)	58	12,322

	2019 $'000	2018 $'000
Due to –		
Lasco Financial Services Limited (included in other payables)	1,803	2,524
Lasco Manufacturing Limited (included in trade payables)	1,433,520	1,436,003

These balances are due and payable within forty-five (45) days which is the company's normal credit term.

Due from –		
Directors	12,359	18,335

20. **SHORT TERM INVESTMENTS:**

These represent interest bearing amounts which have been invested with various financial institutions for a period greater than three (3) months but up to one (1) year. The weighted average interest rate for the investments is 3.46% (2018 – 3.46%).

21. **CASH AND CASH EQUIVALENTS:**

	2019 $'000	2018 $'000
Short terms deposits	25,159	24,755
Jamaican currency current account	1,065,580	795,525
Jamaican currency savings account	41,735	450,044
Foreign currency accounts	176,660	446,231
Cash in hand	1,663	2,699
	1,310,797	1,719,254

(a) The weighted average interest rate on short term deposits is 1.6%, the same as in prior year.

21. CASH AND CASH EQUIVALENTS (CONT'D):

(b) Reconciliation of movements of assets to cash flows from investing activities.
Amounts represent financial assets at fair value through other comprehensive income.

	2019 $'000	2018 $'000
Acquired during the year	43,291	-
Non cash –		
Fair value movements	12,709	-
Foreign exchange loss	(2,227)	-
	53,773	-

(c) Amounts represent short term investments:

	2019 $'000	2018 $'000
1 April	118,686	319,958
Investment acquired	131,013	51,729
Disposal of investment	(59,082)	(254,961)
Interest	10,370	4,600
Withholding tax	(1,887)	(1,150)
Foreign exchange loss	(2,284)	(1,490)
	196,816	118,686

22. SHARE CAPITAL:

	2019 $'000	2018 $'000
Authorised -		
3,630,000,000 Ordinary shares of no par value		
Stated capital –		
Issued and fully paid -		
3,507,259,000 (2018 - 3,486,361,000) ordinary shares of no par value	467,739	428,782

22. **SHARE CAPITAL (CONT'D):**

During the year, the company issued 20,898,430 shares to its directors and managers for cash of $25,284,000 (2018 – the company issued 61,899,000 shares to its directors and managers for cash of $70,423,000). The shares were issued under the company's stock option plan and the fair value of the options exercised during the year was $13,672,000.

23. **REVALUATION RESERVE:**

This represents unrealized surplus on revaluation of property, plant and equipment.

24. **FAIR VALUE RESERVE:**

This represents the unrealised surplus on revaluation of equity investments at fair value through other comprehensive income.

25. **OTHER RESERVE:**

Stock Option Reserve

(a) **Stock option description and movements:**

On 30 September 2013, the company obtained approval from stockholders at its annual general meeting for authorised but unissued shares up to a maximum of 5% of the total number of issued shares of no par value to be set aside for allocation and sale to the directors and managers of the company. Consequently, the company has set aside 168,320,000 of the authorised but unissued shares for the stock option plan.

On 9 June 2014, under the rules of the stock option plan, the following allocations were made:

	No. of shares '000
Non-executive directors and professional service providers	10,500

The options were granted at a subscription price of $1.00 and are exercisable over a period of five (5) years, at the end of which time unexercised options will expire. The total grant of each director and professional service provider vested immediately on the grant date. The plan provides for equitable adjustment of the allocated number of shares by reason of stock splits, combinations or exchanges of shares, stock dividends and reclassifications or other similar corporate changes.

25. **OTHER RESERVE (CONT'D):**

Stock Option Reserve (cont'd)

(a) **Stock description and movements (cont'd):**

	No. of shares '000
Executive director and managers	104,322

The options were granted at a subscription price of $1.00 and are exercisable over a period of seven (7) years, at the end of which time unexercised options will expire. The total of the grant of the director and each manager will fully vest on the third anniversary of the grant date. The plan provides for equitable adjustment of the allocated number of shares by reason of stock splits, combinations or exchanges of shares, stock dividends and reclassifications or other similar corporate changes.

Movement on this option:

	2019 '000	2018 '000
At 1 April	20,041	67,790
Exercised	(13,588)	(47,749)
At 31 March	6,453	20,041

On 26 August 2015, under the rules of the stock option plan, the following allocations were made:

	No. of shares '000
Managers	39,500

The options were granted at a subscription price of $1.60 and are exercisable over a period of seven (7) years, at the end of which time unexercised options will expire. The total of the grant of each manager will fully vest on the third anniversary of the grant date. The plan provides for equitable adjustment of the allocated number of shares by reason of stock splits, combinations or exchanges of shares, stock dividends and reclassifications or other similar corporate changes.

	2019 '000	2018 '000
Movement on this option:		
Options granted	14,350	28,500
Exercised	(6,977)	(14,150)
At 31 March	7,373	14,350

25. **OTHER RESERVE (CONT'D):**

Stock Option Reserve (cont'd)

(b) Fair value of options granted:

The fair value of options granted determined using the Black-Scholes-Merton valuation model was $97,789,000. The significant inputs into the model were the share prices of $1.21 and $1.60 at the grant dates, exercise prices of $1.00 and $1.60, the risk free interest rates of 8.93% and 6.49%, standard deviation of expected share price returns of 47.80% and 61.87%, expected dividends of $0.03 and the option life of five (5) years for non-executive directors and professional service providers, and seven (7) years for the executive director and managers. It is expected that these options will be exercised within two and a half (2½) years and four and a half (4½) years respectively.

The breakdown of the fair value of options granted is as follows:

	$'000
Fair value of options granted	97,789
Expensed in 2015	(32,811)
Expensed in 2016	(24,017)
Expensed in 2017	(30,657)
Expenses in 2018	(10,304)
Amount to be expensed in future periods	-

Fair value of options granted during the year:

The fair value of options granted determined using the Black-Scholers-Merton valuation model was $353,000. The significant inputs into the model were the share price of $1.60 at the grant dates, exercise prices of $1.00 and $1.60, the risk free interest rates of 2.047%, standard deviation of expected share price returns of 56.45% expected dividends of 0.117 and the option life of seven (7) years for the executive director and managers. It is expected that these options will be exercised within two and a half (2½) years and four and a half (4½) years respectively.

	No. of shares '000
Managers	100,000

	2019 $'000
Fair value of options granted during the year	353
Expensed in 2019	(118)
Amount to be expensed in future periods	235

25. **OTHER RESERVE (CONT'D):**

Stock Option Reserve (cont'd)

(c) Movement on the share option reserve is as follows:

	2019 $'000	2018 $'000
At 1 April	23,252	52,257
Fair value of options recognized during the year	118	10,304
Fair value of options exercised transferred to share capital	(13,673)	(39,309)
At 31 March	9,697	23,252

26. **LONG TERM LOANS:**

	2019 $'000	2018 $'000
FirstCaribbean International Bank Limited #1	-	8,333
FirstCaribbean International Bank Limited #2	173,333	253,333
FirstCaribbean International Bank Limited #3	166,667	-
	340,000	261,666
Less – current portion	(246,667)	(88,333)
	93,333	173,333

Loan #1 attracted interest at a rate of 8.7% and was repaid in April 2019. Loan #2 attracts interest at a rate of 8.7% and is repayable in May 2021 and loan #3 attracts interest at a rate of 4.89% and is repayable in January 2020. The loans are secured by mortgage over properties located at White Marl, St. Catherine and 27 Red Hills Road, Kingston 10. They are also secured by a hypothecation agreement, fire and peril insurance over buildings and contents and overdraft lending agreements in the amount of $1,257,000,000.

27. **DEFERRED TAXES:**

Deferred taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities. The amounts determined after appropriate offsetting are as follows:

27. **DEFERRED TAXES (CONT'D):**

	2019 $'000	2018 $'000
Deferred tax liability	(20,283)	(16,307)

The movement in deferred tax is as follows:

	2019 $'000	2018 $'000
Balance at start of year	(16,307)	(18,500)
(Charged)/credited for the year (note 12)	(3,976)	2,193
Balance at end of year	(20,283)	(16,307)

Deferred tax is due to the following temporary differences:

	2019 $'000	2018 $'000
Accelerated capital allowances	(42,047)	(6,692)
Bad debt provision	(576)	(228)
Interest receivable	5,290	(7,848)
Accrued vacation leave	1,232	975
Foreign exchange loss/(gain)	15,818	(2,514)
	(20,283)	(16,307)

Deferred tax charged to profit or loss comprises the following temporary differences:

	2019 $'000	2018 $'000
Accelerated capital allowances	(35,355)	15,958
Bad debt provision	(348)	(5,864)
Interest receivable	13,138	(6,480)
Accrued vacation leave	257	(1,843)
Foreign exchange loss	18,332	422
	(3,976)	2,193

28. PAYABLES:

	2019 $'000	2018 $'000
Trade payables –		
Roche (see note 18)	385,400	545,071
Regular trade	2,287,837	2,443,218
	2,673,237	2,988,289
Other payables and accruals	169,329	608,563
	2,842,566	3,596,852

29. SHORT TERM LOAN:

	2019 $'000	2018 $'000
Sagicor Bank Jamaica Limited	200,000	-

The above loan represents an interest free facility received in January 2019 and is due for repayment in April 2019.

30. DIVIDENDS:

	2019 $'000	2018 $'000
In respect of 31 March 2018 ($0.117¢ per share)	234	407,904
In respect of 31 March 2017 ($0.045¢ per share)	-	154,984
	234	562,888

On 28 March 2018, an interim dividend of $0.117¢ per share was approved by the Board of Directors for payment on 30 April 2018.

By Round Robin Resolution dated 30 June 2017, dividend payment of $0.045¢ per share was approved by the Board of Directors.

31. PENSION PLAN:

The company operates a defined contribution pension plan which is administered by Sagicor Life Jamaica Limited and is open to all permanent employees.

The plan is funded by the company's and employees' contributions. The company's contributions to the scheme are expensed and amounted to $30,943,253 for the year (2018 – $29,835,000).

32. CONTINGENCIES:

The company had guarantees with financial institutions totalling J$12M and US$42,000 which occurred during the normal course of business.

33. LITIGATION:

There was a claim by Pfizer Limited (Pfizer) against Lasco Distributors Limited ("the company"), and others for damages for breach of a patent relating to a particular product. Final judgement as to liability was received from the Privy Council in favour of the company. On April 21, 2017, the hearing of the assessment of damages was completed.

The Judge Mrs. Justice Vivene Harris who heard the assessment awarded the amount of Two Hundred and Seventy Two Million Nine Hundred and Sixty One Thousand Dollars ($272,961,000) for damages inclusive of interest and Three Hundred and Seventeen Thousand Dollars ($317,000) for disposal of stock inclusive of interest and the amounts awarded have been paid over to the company less incidental cost and expenses. The company is of the opinion that the award is low and has appealed the assessment. Case management has been fixed for 18 June 2019.

34. CHANGES IN ACCOUNTING POLICIES:

This note explains the impact of adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue Recognition on the company's financial statements.

(a) Impact on financial statements

The company has adopted IFRS 9 and IFRS 15 for the financial year ended 31 March 2019 which resulted in a change in the company's accounting policies. As explained in note 3, IFRS 9 and IFRS 15 were generally adopted without restating comparative information. The reclassifications and adjustments arising from the new impairment rules are therefore not reflected in the statement of financial position at 31 March 2018, but are recognized in the opening statement of financial position on 1 April 2018.

(b) IFRS 9 'Financial Instruments'

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, de-recognition of financial instruments and impairment of financial assets.

The adoption of IFRS 9, 'Financial Instruments', from 1 April 2018 resulted in changes in accounting policies and adjustments to the amounts recognized in the financial statements. The new accounting policies are set out in note 3 above. In accordance with transitional provisions in IFRS 9, comparative figures have not been restated.

Set out below is the reconciliation of the ending impairment allowances in accordance with IAS 39 to the opening credit losses determined in accordance with IFRS 9.

34. **CHANGES IN ACCOUNTING POLICIES (CONT'D):**

(b) **IFRS 9 'Financial Instruments' (cont'd)**

	Allowance for Impairment under IAS 39 as at 31 March 2018 $'000	Remeasurement $'000	ECL under IFRS 9 as at 1 April 2018 $'000
Receivables under IAS 39/ financial assets at amortised cost under IFRS 9	18,065	16,525	34,590

(c) **Impairment of financial assets**

Trade receivables

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

(d) **IFRS 15**

The adoption of IFRS 15 has not resulted in any impact on the company's financial statements.

LASCO DISTRIBUTORS LIMITED
ANNUAL GENERAL MEETING

[Postage Stamp]

PROXY FORM

I/We_____

of_____

being a Member/Members of the above-named Company, hereby appoint_____

of_____

or failing him/her,_____

of_____

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Monday, September 23, 2019 at 1:00pm, at the Knutsford Court Hotel and at any adjournment thereof.

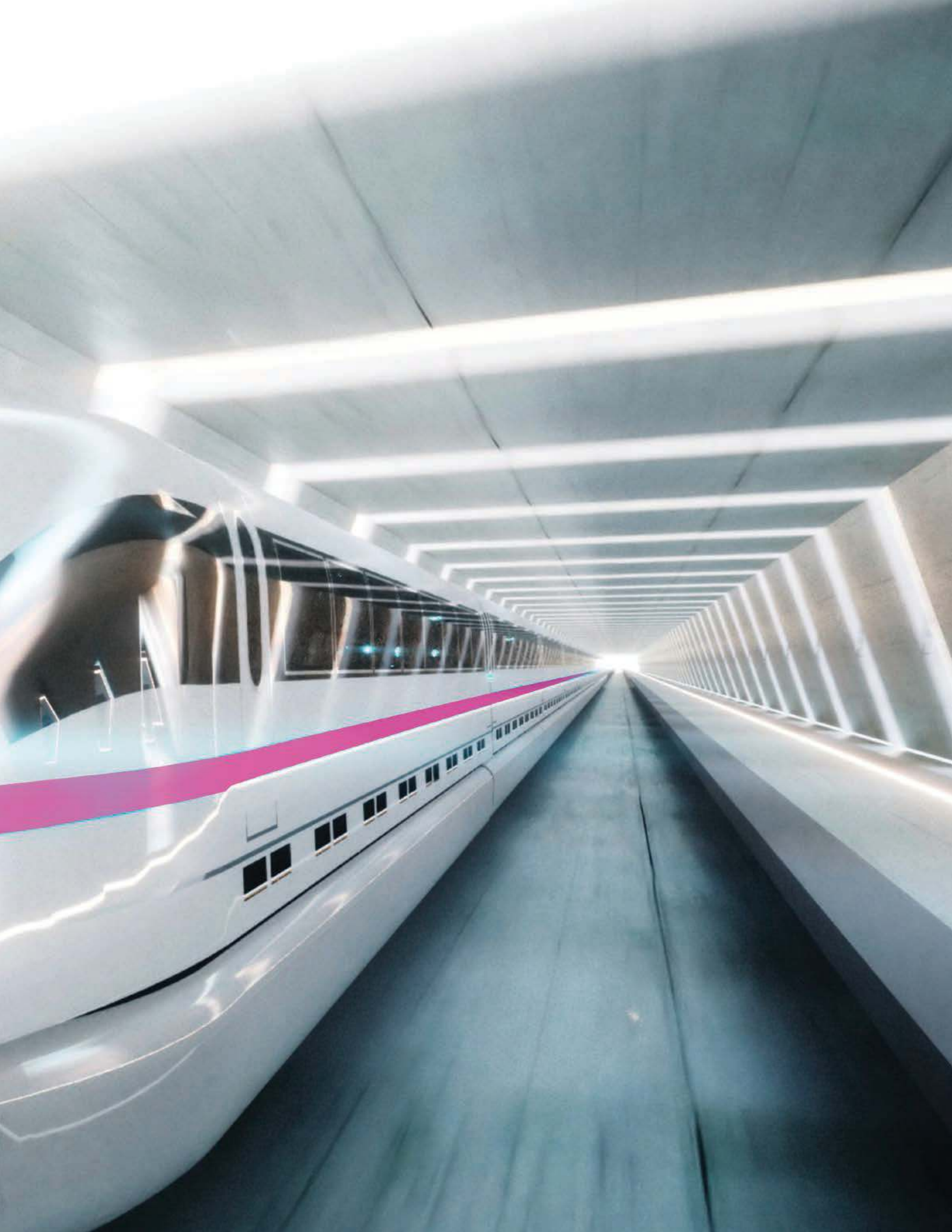
Signed this _____day of _____ 2019.

Signature: _____

NOTES:

1. When completed, this form must be received by the Registrar of the Company at the address given below, not less than forty-eight (48) hours before the time for holding the meeting.
2. The Proxy Form should bear stamp duty of $100.00 which may be adhesive and duly cancelled by the person signing the proxy form.
3. If the appointer is a Corporation, this Form of Proxy must be executed under its common seal or under the hand of an officer or attorney duly authorized in writing.

Send to: **The Registrar and Transfer Agent**
Jamaica Central Securities Depository
40 Harbour Street
Kingston



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