



LASCO DISTRIBUTORS LIMITED

THIRD QUARTER

UNAUDITED FINANCIAL REPORT

NINE MONTHS ENDED DECEMBER 31, 2019

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REPORT TO THE SHAREHOLDERS

For nine months ended December 31, 2019

The Board of Directors of the Company is pleased to present the unaudited results for the nine months ended December 31, 2019.

For the three months ended December 31, 2019 revenue grew by 8% while net profit increased by 9% over the corresponding period last year. Net profit for the quarter improved over the prior year driven by increased sales, distribution and consumption of our products. Our recently launched reduced sugar iCOOL beverage line and grape flavoured iCOOL water have done very well over the period. We expect these innovations along with our existing products will continue to deliver strong growth over the remaining quarter of our financial year.

For the nine months ended December 31, 2019 revenues grew to \$14.3 billion, or 7% more than the corresponding period last year. Gross profit closed at \$2.8 billion or 7% more than the corresponding period last year, while gross margin ratio remained stable at 20% when compared with prior year.

Total operating expenses were \$2.3 billion, an increase of 7% compared to the corresponding period last year. The Company achieved a net profit of \$557.5 million, a 10% decline over the corresponding period last year. The nine months comparative decline in net profit was mainly attributable to the impact of foreign exchange losses, restructuring expenses and legal fees associated with ongoing matters including the Pfizer case where we anticipate a favourable outcome to our appeal. We also continue to invest in our route to market build out to manage our expanding business.

Total Assets at the end of December 2019 stood at \$9.5 billion an increase of 10.2% over the same period last year. Non-current assets stood at \$2.2 billion, an increase of \$293.1 million or 15% over the corresponding period last year. Inventories increased by 1% over prior year to close at \$2.5 billion. Trade and other receivables increased by 17% compared to prior year, to close at \$3.3 billion while trade and other payables increased by 15% to close at \$3.7 billion. Cash and short-term Investments, taken together, closed the period at \$1.4 billion compared to \$1.3 billion for the same period last year. Total loans owing at the end of the period was \$113.3 million compared to \$193.3 million in the previous year.

At the end of December 2019, total shareholders' equity was \$5.6 billion, which was \$392.9 million or 8% over the prior year.

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



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

LASCO Distributors Limited

Statement of Comprehensive Income

For nine months ended December 31, 2019


(Unaudited and expressed in Thousands)

	Unaudited 3 months to 31 Dec 2019	Unaudited 3 months to 31 Dec 2018	Unaudited Year-to-date 31 Dec 2019	Unaudited Year-to-date 31 Dec 2018
	J\$'000	J\$'000	J\$'000	J\$'000
Revenue	4,895,274	4,548,059	14,300,588	13,330,780
Cost of Sales	<u>(3,974,507)</u>	<u>(3,697,472)</u>	<u>(11,481,668)</u>	<u>(10,704,500)</u>
Gross Profit	920,767	850,587	2,818,920	2,626,280
Other Operating Income	25,419	69,392	70,730	173,315
Operating Expenses	<u>(755,736)</u>	<u>(754,074)</u>	<u>(2,259,380)</u>	<u>(2,131,201)</u>
Profit from Operations	190,450	165,905	630,270	668,394
Finance Costs	<u>(2,493)</u>	<u>(151)</u>	<u>(12,557)</u>	<u>(474)</u>
Profit before Taxation	187,957	165,754	617,713	667,920
Taxation	<u>(16,038)</u>	<u>(8,622)</u>	<u>(60,214)</u>	<u>(47,067)</u>
Net Profit for the period	171,919	157,132	557,499	620,853
Other Comprehensive Income:				
Items that will or may not be reclassified to Profit or Loss -				
Unrealised gains on financial instrument:	<u>3,585</u>	<u>0</u>	<u>3,585</u>	<u>0</u>
Total Comprehensive Income for the Period	175,504	157,132	561,084	620,853
Earnings per stock unit				
Basic and Diluted	\$ 0.05	\$ 0.04	\$ 0.16	\$ 0.18

LASCO Distributors Limited
Statement of Financial Position
as at December 31, 2019

	Notes	Unaudited 31 Dec 2019 \$'000	Unaudited 31 Dec 2018 \$'000	Audited 31 Mar 2019 \$'000
ASSETS:				
Non-Current Assets				
Property, Plant & Equipment		1,919,170	1,792,165	1,834,487
Intangible asset		92,404	112,612	113,362
Financial assets at fair value through other comprehensive income	4	202,633	16,349	53,773
		<u>2,214,207</u>	<u>1,921,126</u>	<u>2,001,622</u>
Current Assets				
Inventories		2,498,042	2,474,724	2,467,632
Receivables	5	3,258,912	2,797,563	2,570,870
Related Companies		80,049	106,758	77,858
Directors Current Account		2,285	15,297	12,359
Taxation recoverable		2,865	1,279	1,707
Short term Investments		206,613	197,857	196,817
Cash and Bank Balances		1,228,552	1,097,384	1,310,797
Total Current Assets		<u>7,277,318</u>	<u>6,690,862</u>	<u>6,638,040</u>
TOTAL ASSETS		<u>9,491,525</u>	<u>8,611,988</u>	<u>8,639,662</u>
EQUITY AND LIABILITIES:				
Current Liabilities				
Payables	6	3,706,317	3,210,511	2,842,566
Taxation Payable		49,743	(6,134)	47,826
Short term Loans	7	-	-	200,000
Current Portion of Long term loans	7	80,000	20,000	246,667
Total Current Liabilities		<u>3,836,060</u>	<u>3,224,377</u>	<u>3,337,059</u>
Non-Current Liabilities				
Long Term Loans	7	33,333	173,333	93,333
Deferred Tax Liability		22,735	7,876	20,283
Total Non-Current Liabilities		<u>56,068</u>	<u>181,209</u>	<u>113,616</u>
Shareholders' Equity				
Share Capital	8	467,881	444,712	467,739
Revaluation reserves		75,387	75,387	75,387
Fair value reserves		16,294	-	12,709
Other reserves		9,697	23,252	9,697
Retained Earnings		5,030,138	4,663,051	4,623,455
Total Shareholders' Equity		<u>5,599,397</u>	<u>5,206,402</u>	<u>5,188,987</u>
TOTAL EQUITY AND LIABILITIES		<u>9,491,525</u>	<u>8,611,988</u>	<u>8,639,662</u>

Approved for issue by the Board of Directors on February 4, 2020 and signed on its behalf by:


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


Colin Maxwell
Director

LASCO Distributors Limited
Statement of Cashflows
For nine months ended December 31, 2019

	Unaudited 31 Dec 2019 J\$'000	Unaudited 31 Dec 2018 J\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit	557,499	620,853
Items not affecting cash		
Loss on Disposal of PPE	8,990	0
Depreciation	117,837	103,969
Interest Income	(7,834)	(12,711)
Interest Expense	12,557	474
Items not affecting cash	131,550	91,732
Change in Operating Assets and Liabilities		
Inventories	(30,410)	9,322
Receivables	(688,042)	(340,631)
Directors current account	10,075	3,038
Related companies	(2,190)	(68,254)
Taxation	3,208	(58,323)
Payables	863,751	(349,831)
Changes in non-cash working capital components	156,392	(804,679)
Cash provided by Operating Activities	845,441	(92,094)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	7,834	12,647
Short term Investments	(9,796)	(79,171)
Acquisition of Property, Plant & Equipment & Intangible Assets	(190,552)	(393,791)
Acquisition of Financial assets at fair value through other comprehensive income	(145,274)	(16,349)
Net Cash used in Investing Activities	(337,788)	(476,664)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest Paid	(12,557)	(475)
Loan Paid	(426,667)	(68,333)
Dividend paid	(150,816)	(234)
Issue of Shares	142	15,930
Cash used in Financing Activities	(589,898)	(53,112)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(82,245)	(621,870)
Cash and cash equivalents at the beginning of the period	1,310,797	1,719,254
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1,228,552	1,097,384

LASCO Distributors Limited
Statement of Changes in Shareholders' Equity
For nine months ended December 31, 2019

	Share Capital	Revaluation Reserve	Fair Value Reserve	Other Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2018	428,782	75,387	0	23,252	4,042,432	4,569,853
Current year Profits	0	0	0	0	620,853	620,853
Other Comprehensive Income	0	0	0	0	0	0
Transfer from Other reserves	0	0	0	0	0	0
Issue of shares	15,930	0	0	0	0	15,930
Dividends Paid	0	0	0	0	(234)	(234)
Balance as at December 31, 2018	444,712	75,387	0	23,252	4,663,051	5,206,402
Balance at 1 April 2019	467,739	75,387	12,709	9,697	4,623,455	5,188,987
Current year profits	0	0	0	0	557,499	557,499
Other Comprehensive Income	0	0	3,585	0	0	3,585
Transfer from Other reserves	0	0	0	0	0	0
Issue of Shares	142	0	0	0	0	142
Dividends Paid	0	0	0	0	(150,816)	(150,816)
Balance as at December 31, 2019	467,881	75,387	16,294	9,697	5,030,138	5,599,397

NOTES TO THE FINANCIAL STATEMENTS

1. IDENTIFICATION AND ACTIVITIES:

- (a) LASCO Distributors Limited is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is 27 Red Hills Road, Kingston 10.
- (b) The principal activity of the company is the distribution of pharmaceutical and consumable items.
- (c) The company's shares were listed on the Junior Market of the Jamaican Stock Exchange on 12 October 2010.

2. SIGNIFICANT ACCOUNTING POLICIES:

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS); and the adopted interpretation of those standards by the International Accounting Standards Board, and have been prepared under the historical cost convention. They are also prepared in accordance with provisions of the Jamaican Companies Act.

The accounting policies followed in these interim financial statements are consistent with those used in the audited financial statements for the year ended 31 March 2019.

These financial statements are presented in Jamaican dollars unless otherwise indicated.

3. REMISSION OF INCOME TAX:

The company's shares were listed on the Junior Market of the Jamaica Stock Exchange, effective 12 October 2010. Consequently, the company is entitled to a remission of taxes for ten (10) years in the proportions set out below, provided the shares remain listed for at least fifteen (15) years:

Years 1 to 5 - 100%
Years 6 to 10 - 50%

The financial statements have been prepared on the basis that the company will have the full benefit of the tax remission.

4. FINANCIAL ASSETS

	<u>Dec-19</u>	<u>Dec-18</u>	<u>Mar-19</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Equities	175,691	16,349	29,058
Non convertible loan notes	26,942	-	24,715
	<u>202,633</u>	<u>16,349</u>	<u>53,773</u>

Financial assets at fair value through other comprehensive income represent quoted equities held in Seprod Jamaica Limited (681,475 units), LASCO Manufacturing Limited (1,503,000 units), Wigton Wind Farm Limited (8,720,000 units), Supreme Ventures Limited (5,000,000 units) and unsecured Convertible loan notes held in Cannim Group Pty Limited.

5. RECEIVABLES

	<u>Dec-19</u>	<u>Dec-18</u>	<u>Mar-19</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade Receivables			
Roche Diagnostics	592,869	352,932	341,300
Regular Trade	1,683,323	1,681,360	1,774,845
	<u>2,276,192</u>	<u>2,034,292</u>	<u>2,116,145</u>
Less: Provision for Bad Debts	(46,203)	(30,654)	(39,226)
	<u>2,229,989</u>	<u>2,003,638</u>	<u>2,076,919</u>
Other Receivables	1,028,923	793,925	493,951
	<u>3,258,912</u>	<u>2,797,563</u>	<u>2,570,870</u>

6. PAYABLES

	<u>Dec-19</u>	<u>Dec-18</u>	<u>Mar-19</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade Payables			
Roche Diagnostics	60,587	185,675	385,400
Regular Trade	3,480,098	2,866,823	2,287,837
	<u>3,540,685</u>	<u>3,052,498</u>	<u>2,673,237</u>
Other Payables & Accruals	165,632	158,013	169,329
	<u>3,706,317</u>	<u>3,210,511</u>	<u>2,842,566</u>

7. LOANS

	<u>Dec-19</u> <u>\$'000</u>	<u>Dec-18</u> <u>\$'000</u>	<u>Mar-19</u> <u>\$'000</u>
Short Term Loan:			
Sagicor Bank Jamaica Ltd	-	-	200,000
	<u>-</u>	<u>-</u>	<u>200,000</u>
Long Term Loan:			
FirstCaribbean International Bank Ltd	113,333	193,333	340,000
Less Current Portion	<u>(80,000)</u>	<u>(20,000)</u>	<u>(246,667)</u>
	<u>33,333</u>	<u>173,333</u>	<u>93,333</u>

8. SHARE CAPITAL

	<u>Dec-19</u> <u>\$'000</u>	<u>Dec-18</u> <u>\$'000</u>	<u>Mar-19</u> <u>\$'000</u>
Authorised - 3,630,000,000 ordinary shares of no par value			
Stated capital – Issued and fully paid – 3,507,591,626 (Dec 2018 – 3,498,104,946 & Mar 2019 – 3,507,259,835) ordinary shares of no par value	<u>467,881</u>	<u>444,712</u>	<u>467,739</u>



LASCO DISTRIBUTORS LIMITED
TOP 10 SHAREHOLDINGS AS AT DECEMBER 31, 2019

NAME	JOINT HOLDERS	UNITS	PERCENTAGES
EAST WEST (ST. LUCIA) LIMITED		1,649,551,260	47.0280
LASCELLES A. CHIN		1,019,337,780	29.0609
MAYBERRY JAMAICA EQUITIES LIMITED		73,706,017	2.1013
PETER M. CHIN		15,469,966	0.4410
JCSD TRUSTEE SERVICES LTD. A/C #76579-02		28,487,965	0.8122
YUAN LIAO		26,650,362	0.7598
WAYNE M. CHIN		21,184,860	0.6040
SAGICOR SELECT FUND LIMITED – ('CLASS C' SHARES) MANUFACTURING & DISTRIBUTION		22,302,196	0.6358
JOEL IZQUIERDO GONZALEZ		20,000,000	0.5702
GERALD W. PURDY		18,411,620	0.5249



**LASCO DISTRIBUTORS LIMITED
DIRECTORS AND CONNECTED PARTIES
SHAREHOLDINGS AS AT DECEMBER 31, 2019**

NAME PRIMARY HOLDER	POSITION *JOINT HOLDER	UNITS	PERCENTAGES
LASCELLES CHIN		1,019,337,780	29.0609
	EAST WEST (ST. LUCIA) LTD.	{1,649,551,260}	47.0280
	EILEEN CHIN – DIRECT	{ 15,116,165}	0.4309
EILEEN CHIN		15,116,165	0.4309
	LASCELLES CHIN –DIRECT	{1,019,337,780}	29.0609
KENNETH HALL		2,753,000	0.0784
GARY PEART		1,397,000	0.0400
VINCENT CHEN		1,000,000	0.0285
JACINTH HALL-TRACEY		0.00	0.00
JAMES RAWLE		0.00	0.00
COLIN MAXWELL		0.00	0.00
KENNETH SYLVESTER		0.00	0.00



**LASCO DISTRIBUTORS LIMITED
EXECUTIVES HOLDINGS AND CONNECTED PARTIES REPORT
SHAREHOLDINGS AS AT DECEMBER 31, 2019**

NAME	POSITION	UNITS	PERCENTAGES
PRIMARY HOLDER	*JOINT HOLDER		
SHELLYANN JACKSON		0.00	0.0000
PETER HYLTON		72,121	0.0002
HORTENSE EDWARD		183,000	0.0054
DWAINE WILLIAMS		0.00	0.0000