



LASCO DISTRIBUTORS LIMITED

FIRST QUARTER

UNAUDITED FINANCIAL REPORT

THREE MONTHS ENDED JUNE 30, 2020

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REPORT TO THE SHAREHOLDERS

For three months ended June 30, 2020

The Board of Directors of LASCO Distributors Limited is pleased to present the unaudited results for the three months ended June 30, 2020.

For the first quarter of the financial year, LASCO Distributors Limited reported an increase in both revenue and profit in comparison to the previous year. The company continues to grow despite the current pandemic.

Operating profit for the first quarter was \$317M or 69.5% over the prior period last year. **Net profit** of \$258 million, or 57.4% increase over the corresponding period last year.

Revenue was \$4.7B or 8.4% above last year. Gross profit was up by 3.6% over the prior year and gross margin ratio was 19.1% compared to 19.9% last year.

Administrative expenses were \$652M or 10.7% lower than the previous year.

Total Assets at the end of June 2020 stood at \$9.8B an increase of 14.4% over the same period last year. **Inventories** decreased by \$335M or 12.4% to close at \$2.4B. **Trade receivables** closed the period at \$2B, a reduction of 4.1% compared to prior year. **Cash and short-term Investments**, taken together, closed the period at \$2.6B compared to \$1.2B for the same period last year. Trade payables increased by \$560M or 20% to close the period at \$3.4B. **Total loans** owing at the end of the period was \$73M compared to \$270M in the previous year. **Total shareholders' equity** was \$5.8B, which was \$440M or 8.2% over the prior year.

Our success stems from diligence and dedication of our staff who continued to push sales notwithstanding the setbacks caused by the crisis. During the period, there was an increase in demand for our canned food products, flag ship brand – LASCO Food drink and pharmaceutical products. However, there has been a significant reduction in the sales of beverage products due to the closure of schools, hotels, and social gatherings.

Corporate Social Responsibility

International Nurses Day - Despite the impact of Covid-19, LASCO continued to honour and show appreciation to the front-line workers. On May 12, 2020, LASCO in collaboration with the Nurses Association of Jamaica (NAJ) held an online commemoration service for the 'health heroes' across Jamaica. Over 300 'health heroes' received outpouring gratitude for their resilience, sacrifice and unswerving service.

Children's Day - In observance of Child's Month, on May 8, 2020, the children of the two adopted schools; Collins Close and Gwen Neil basic, received gifts baskets amongst other tokens courtesy of LASCO.

Additionally, LASCO Distributors Limited has collaborated with non-profit and charitable organizations to offer support to those affected by COVID 19, predominantly through disseminating care packages and pharmaceutical items across the island.

LASCO has weathered the impact of the pandemic thus far and will continue to do so through the constant assessment of the company's market position and implementation of strategic measures. Our focus is to continue to build and grow the business while taking into consideration current and future challenges. As the fallout of COVID 19 continues to unfold, LASCO recognizes the importance of business continuity policies and risk management protocols, as such the company will establish the necessary systems to curb the shocks as best as possible.

To sustain continued growth, adaptability and efficiencies will be the guiding principle for the company's objective. The Board of Directors would like to thank all stakeholders for your unwavering support and look forward to an even better year despite the challenges that we face with the pandemic.



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

LASCO Distributors Limited**Statement of Comprehensive Income**

For three months ended June 30, 2020

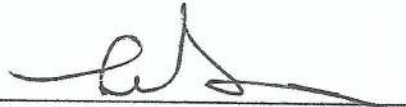
(Unaudited and expressed in Thousands)

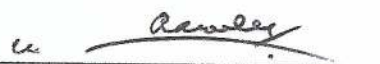
	Unaudited 3 months to 30 Jun 2020	Unaudited 3 months to 30 Jun 2019	Unaudited Year-to-date 30 Jun 2020	Unaudited Year-to-date 30 Jun 2019
	J\$'000	J\$'000	J\$'000	J\$'000
Revenue	4,704,421	4,338,190	4,704,421	4,338,190
Cost of Sales	(3,808,186)	(3,473,491)	(3,808,186)	(3,473,491)
Gross Profit	896,235	864,699	896,235	864,699
Other Operating Income	73,140	52,659	73,140	52,659
Operating Expenses	(650,842)	(724,633)	(650,842)	(724,633)
Profit from Operations	318,533	192,725	318,533	192,725
Finance Costs	(1,502)	(5,656)	(1,502)	(5,656)
Profit before Taxation	317,031	187,069	317,031	187,069
Taxation	(59,011)	(23,155)	(59,011)	(23,155)
Net Profit for the period	258,020	163,914	258,020	163,914
Other Comprehensive Income:				
Items that will or may not be reclassified to Profit or Loss -				
Unrealised gains on financial instruments	13,339	7,092	13,339	7,092
Total Comprehensive Income for the Period	271,359	171,006	271,359	171,006
Earnings per stock unit				
Basic and Diluted	\$ 0.07	\$ 0.05	\$ 0.07	\$ 0.05

LASCO Distributors Limited
Statement of Financial Position
as at June 30, 2020

	Notes	Unaudited 30 Jun 2020 \$'000	Unaudited 30 Jun 2019 \$'000	Audited 31 Mar 2020 \$'000
ASSETS:				
Non-Current Assets				
Property, Plant & Equipment		1,910,875	1,886,317	1,922,116
Intangible assets		78,433	106,376	85,418
Right-of-use assets		11,373	0	12,132
Financial assets at fair value through other comprehensive income	4	302,853	73,782	281,260
		<u>2,303,534</u>	<u>2,066,475</u>	<u>2,300,926</u>
Current Assets				
Inventories		2,365,538	2,700,675	2,375,149
Receivables	5	2,544,025	2,591,777	2,863,479
Related Companies		68,603	78,273	65,107
Directors Current Account		5,300	2,223	4,361
Taxation recoverable		2,433	2,367	2,010
Short term Investments		76,540	204,332	75,704
Cash and Cash Equivalents		2,474,424	956,098	1,471,891
Total Current Assets		<u>7,536,863</u>	<u>6,535,745</u>	<u>6,857,701</u>
TOTAL ASSETS		<u>9,840,397</u>	<u>8,602,220</u>	<u>9,158,627</u>
EQUITY AND LIABILITIES:				
Current Liabilities				
Payables	6	3,832,550	2,897,340	3,269,007
Taxation Payable		49,496	49,196	32,782
Short term Loans	7	0	116,667	0
Current Portion of Long term loans	7	73,333	80,000	80,000
Current Portion of Lease Liability		2,894	0	2,851
Total Current Liabilities		<u>3,958,273</u>	<u>3,143,203</u>	<u>3,384,640</u>
Non-Current Liabilities				
Long Term Loans	7	0	73,333	13,333
Lease Liability		8,867	0	9,623
Deferred Tax Liability		73,514	25,591	42,682
Total Non-Current Liabilities		<u>82,381</u>	<u>98,924</u>	<u>65,638</u>
Shareholders' Equity				
Share Capital	8	469,107	467,839	469,072
Revaluation reserves		75,387	75,387	75,387
Fair value reserves		(30,963)	19,801	(44,302)
Other reserves		9,797	9,697	9,797
Retained Earnings		5,276,415	4,787,369	5,198,395
Total Shareholders' Equity		<u>5,799,743</u>	<u>5,360,093</u>	<u>5,708,349</u>
TOTAL EQUITY AND LIABILITIES		<u>9,840,397</u>	<u>8,602,220</u>	<u>9,158,627</u>

Approved for issue by the Board of Directors on July 27, 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 three months ended June 30, 2020

	Unaudited 30 Jun 2020 J\$'000	Unaudited 30 Jun 2019 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit	258,020	163,914
Items not affecting cash		
Unrealized exchange loss on foreign balances	(38,072)	(25,736)
Loss on Disposal of PPE	0	8,974
Depreciation	45,292	38,804
Interest Income	(2,525)	(3,244)
Interest Expense	1,502	5,656
Items not affecting cash	6,197	24,454
Change in Operating Assets and Liabilities		
Inventories	9,611	(233,043)
Receivables	349,519	(856)
Directors current account	(939)	10,137
Related companies	(3,496)	(415)
Taxation	47,124	6,017
Payables	563,295	56,442
Changes in non-cash working capital components	965,114	(161,718)
Cash provided by Operating Activities	1,229,331	26,650
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	2,525	3,244
Short term Investments	(835)	(4,777)
Acquisition of Property, Plant & Equipment & Intangible Assets	(26,308)	(92,622)
Lease Liability	(713)	0
Acquisition of Financial assets at fair value through other comprehensive income	0	(11,638)
Net Cash used in Investing Activities	(25,331)	(105,793)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest Paid	(1,502)	(5,656)
Loan Paid	(20,000)	(270,000)
Proposed Dividend payment	(180,000)	0
Issue of Shares	35	100
Cash used in Financing Activities	(201,467)	(275,556)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,002,533	(354,699)
Cash and cash equivalents at the beginning of the period	1,471,891	1,310,797
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2,474,424	956,098

LASCO Distributors Limited
Statement of Changes in Shareholders' Equity
For three months ended June 30, 2020

	Share Capital	Revaluation Reserve	Fair Value Reserve	Other Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2019	467,739	75,387	12,710	9,697	4,623,455	5,188,987
Current year Profits	0	0	0	0	163,914	163,914
Other Comprehensive Income	0	0	7,092	0	0	7,092
Transfer from Other reserves	0	0	0	0	0	0
Issue of shares	100	0	0	0	0	100
Dividends Paid	0	0	0	0	0	0
Balance as at June 30, 2019	467,839	75,387	19,801	9,697	4,787,369	5,360,093
Balance at 1 April 2020	469,072	75,387	(44,302)	9,797	5,198,395	5,708,349
Current year profits	0	0	0	0	258,020	258,020
Other Comprehensive Income	0	0	13,339	0	0	13,339
Transfer from Other reserves	0	0	0	0	0	0
Issue of Shares	35	0	0	0	0	35
Proposed Dividend Payment	0	0	0	0	(180,000)	(180,000)
Balance as at June 30, 2020	469,107	75,387	(30,963)	9,797	5,276,415	5,799,743

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 2020.

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

	Jun-20	Jun-19	Mar-20
	\$'000	\$'000	\$'000
Equities	275,041	46,840	254,754
Convertible loan notes	27,812	26,942	26,506
	<u>302,853</u>	<u>73,782</u>	<u>281,260</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), Sagicor (1,007,521 units) and unsecured Convertible loan notes held in Cannim Group Pty Limited.

5. RECEIVABLES

	Jun-20	Jun-19	Mar-20
	\$'000	\$'000	\$'000
Trade Receivables			
Roche Diagnostics	572,840	467,489	572,190
Regular Trade	<u>1,509,914</u>	<u>1,524,734</u>	<u>1,783,657</u>
	2,082,754	1,992,223	2,355,847
Less: Provision for Bad Debts	<u>(57,437)</u>	<u>(46,219)</u>	<u>(57,445)</u>
	2,025,317	1,946,004	2,298,402
Other Receivables	<u>518,708</u>	<u>645,773</u>	<u>565,077</u>
	<u>2,544,025</u>	<u>2,591,777</u>	<u>2,863,479</u>

6. PAYABLES

	Jun-20	Jun-19	Mar-20
	\$'000	\$'000	\$'000
Trade Payables			
Roche Diagnostics	46,424	486,161	504,794
Regular Trade	<u>3,316,590</u>	<u>2,316,020</u>	<u>2,623,639</u>
	3,363,014	2,802,181	3,128,433
Other Payables & Accruals	<u>469,536</u>	<u>95,159</u>	<u>140,574</u>
	<u>3,832,550</u>	<u>2,897,340</u>	<u>3,269,007</u>

7. LOANS

	Jun-20 \$'000	Jun-19 \$'000	Mar-20 \$'000
FirstCaribbean International Bank Ltd:			
Short Term Loan	0	116,667	0
Current Portion of Long Term Loan	73,333	80,000	80,000
Non-Current Portion of Long Term Loan	0	73,333	13,333
Long Term Loan	73,333	153,333	93,333

8. SHARE CAPITAL

	Jun-20 \$'000	Jun-19 \$'000	Mar-20 \$'000
Authorised - 3,630,000,000 ordinary shares of no par value			
Stated capital – Issued and fully paid – 3,507,959,959 (Jun 2019 – 3,507,359,835 & Mar 2020 – 3,507,924,959) ordinary shares of no par value	469,107	467,839	469,072