



**LASCO DISTRIBUTORS LIMITED**

**SECOND QUARTER**

**UNAUDITED FINANCIAL REPORT**

**SIX MONTHS ENDED SEPTEMBER 30, 2020**

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## REPORT TO THE SHAREHOLDERS

### For six months ended September 30, 2020

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

Notwithstanding the severe impact of the current global pandemic, LASCO Distributors Limited continues to make progress.

For the six months ended September 30, 2020, **Net Profit** for the company grew by 27% to close the period at \$488 million or \$102 million over the same period last year and **Net Profit Margin ratio** improved from 4.1% to 4.9%. **Operating profit** was \$579 million or an increase of 35% over the prior period last year. **Gross profit** closed at \$1.9 billion or down 2% over the corresponding period last year.

**Revenues** increased to \$10.1 billion, or 7% more than the corresponding period last year.

**Total Administrative expenses** were \$1.4 billion or 10% lower than the previous year resulting in an **Expense to Sales ratio** of 13.5% compared to 16.1% in the prior year.

#### **Three Months Quarter Results:**

**Net profit** was \$230 million or increase 4% over the corresponding period last year. **Operating profit** was \$262 million or 8% more than the prior period last year. **Gross profit** closed at \$963 million or down 7% over the corresponding period last year.

**Revenues** for the three months ended September 2020 grew by 6% to close the period at \$5.4 billion.

**Total Administrative expenses** were \$708 million or down 10% over the same period last year.

#### **Dividend Payment**

An interim dividend of \$0.051 per share totaling \$179 million was paid on July 24, 2020 to shareholders on record at the close of business on July 10, 2020.

#### **Year to date Balance Sheet Results:**

At the end of September 2020, **total non-current assets** stood at \$2.3 billion a reduction of 9.5% over the same period last year. **Inventories** increased by \$65 million or 3% to close at \$2.6 billion. **Trade receivables** closed the period at \$2.2 billion, a reduction of 2% compared to prior year. **Cash and short-term Investments**, taken together, closed the period at \$2.5 billion compared to \$1.6 billion for the same period last year. **Trade payables** increased by \$351 million or 11% to close the period at \$3.6 billion. **Total loans** owing at the end of the period was \$53 million compared to \$300 million in the previous year. **Total shareholders' equity** was \$6 billion, which was \$594 million or 11% over the prior year.

## **Corporate Social Responsibility (CSR)**

**Celebrating Nurses** – One of the fundamental principles of LASCO is to provide support to communities through various sponsorships, contributions, and donations. The company has heavily invested in CSR programmes to play our part in the development of our country. In July of this year, LASCO Distributors Limited partnered with the Nurses Association of Jamaica and LASCO Chin Foundation to celebrate and honour Jamaican nurses for their unswerving contribution to our healthcare sector. Additionally, the ceremony commemorated eighty nurses from three Regional Health Authorities for their outstanding service.

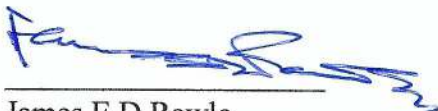
Over the period, LASCO has remained committed to helping fight against the pandemic. The company has issued wide-range of pharmaceutical, food and personal care products to our communities and individuals through Charitable Organizations, Churches and Community groups.

## **COVID 19 Impact**

COVID 19 has redefined how LASCO operates, and greater emphasis is being placed on risk management, strategic planning and forecasting to sustain our businesses. We continue to explore new and innovative ways to meet the changing demands of our customers, consumers, and communities.

We will continue to maintain strict hygiene protocols for the safety of our staff. As such, there has been an increase in sanitary measures to help safeguard our employees. This includes constant sanitization of the properties, random COVID tests available to the staff, work from home protocols, and circulation of COVID 19 prevention tips to our team.

LASCO remain thankful to our board members, management, staff, and loyal customers who have helped to keep the business operations afloat during this crisis. Despite the uncertainty of the future, we will continue to provide premier services and products.



James E.D Rawle

**Deputy Executive Chairman**

**LASCO Distributors Limited**

## Statement of Comprehensive Income

For six months ended September 30, 2020

*(Unaudited and expressed in Thousands)*

	Unaudited 3 months to 30 Sep 2020	Unaudited 3 months to 30 Sep 2019	Unaudited Year-to-date 30 Sep 2020	Unaudited Year-to-date 30 Sep 2019
	J\$'000	J\$'000	J\$'000	J\$'000
Revenue	5,357,082	5,067,124	10,061,503	9,405,314
Cost of Sales	<u>(4,393,777)</u>	<u>(4,033,671)</u>	<u>(8,201,963)</u>	<u>(7,507,161)</u>
<b>Gross Profit</b>	<b>963,305</b>	<b>1,033,453</b>	<b>1,859,540</b>	<b>1,898,153</b>
Other Operating Income/(Loss)	7,607	(7,349)	80,747	45,310
Operating Expenses	<u>(707,248)</u>	<u>(779,010)</u>	<u>(1,358,090)</u>	<u>(1,503,644)</u>
Profit from Operations	<b>263,664</b>	<b>247,094</b>	<b>582,197</b>	<b>439,819</b>
Finance Costs	<u>(1,197)</u>	<u>(4,407)</u>	<u>(2,699)</u>	<u>(10,064)</u>
<b>Profit before Taxation</b>	<b>262,467</b>	<b>242,687</b>	<b>579,498</b>	<b>429,755</b>
Taxation	<u>(32,428)</u>	<u>(21,021)</u>	<u>(91,439)</u>	<u>(44,176)</u>
<b>Net Profit for the period</b>	<b>230,039</b>	<b>221,666</b>	<b>488,059</b>	<b>385,579</b>
Other Comprehensive Income:				
Items that will or may not be reclassified to Profit or Loss -				
Unrealised gains on financial instrument:	<u>13,115</u>	<u>15,260</u>	<u>13,115</u>	<u>15,260</u>
<b>Total Comprehensive Income for the Period</b>	<b>243,154</b>	<b>236,926</b>	<b>501,174</b>	<b>400,839</b>
Earnings per stock unit				
Basic and Diluted	<b>\$ 0.07</b>	<b>\$ 0.06</b>	<b>\$ 0.14</b>	<b>\$ 0.11</b>


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

	Notes	Unaudited 30 Sep 2020 \$'000	Unaudited 30 Sep 2019 \$'000	Audited 31 Mar 2020 \$'000
<b>ASSETS:</b>				
<b>Non-Current Assets</b>				
Property, Plant & Equipment		1,887,324	1,904,413	1,922,116
Intangible assets		71,447	99,390	85,418
Right-of-use assets		10,615	0	12,132
Financial assets at fair value through other comprehensive income	4	<u>313,938</u>	<u>81,949</u>	<u>281,260</u>
		<b><u>2,283,324</u></b>	<b><u>2,085,752</u></b>	<b><u>2,300,926</u></b>
<b>Current Assets</b>				
Inventories		2,559,995	2,494,651	2,375,149
Receivables	5	2,839,156	2,855,383	2,863,479
Related Companies		59,995	255,959	65,107
Directors Current Account		5,346	1,097	4,361
Taxation recoverable		3,240	2,655	2,010
Short term Investments		127,386	208,987	75,704
Cash and Cash Equivalents		<u>2,328,450</u>	<u>1,365,635</u>	<u>1,471,891</u>
<b>Total Current Assets</b>		<b><u>7,923,568</u></b>	<b><u>7,184,367</u></b>	<b><u>6,857,701</u></b>
<b>TOTAL ASSETS</b>		<b><u>10,206,892</u></b>	<b><u>9,270,119</u></b>	<b><u>9,158,627</u></b>
<b>EQUITY AND LIABILITIES:</b>				
<b>Current Liabilities</b>				
Payables	6	3,954,272	3,454,842	3,269,007
Taxation Payable		76,233	51,877	32,782
Short term Loans		0	166,667	0
Current Portion of Long term loans	7	53,333	80,000	80,000
Current Portion of Lease Liability		2,937	0	2,851
<b>Total Current Liabilities</b>		<b><u>4,086,775</u></b>	<b><u>3,753,386</u></b>	<b><u>3,384,640</u></b>
<b>Non-Current Liabilities</b>				
Long Term Loans	7	0	53,333	13,333
Lease Liability		8,112	0	9,624
Deferred Tax Liability		79,286	24,248	42,682
<b>Total Non-Current Liabilities</b>		<b><u>87,398</u></b>	<b><u>77,581</u></b>	<b><u>65,638</u></b>
<b>Shareholders' Equity</b>				
Share Capital	8	471,190	467,881	469,072
Revaluation reserves		75,387	75,387	75,387
Fair value reserves		(31,187)	27,969	(44,302)
Other reserves		9,797	9,697	9,797
Retained Earnings		<u>5,507,532</u>	<u>4,858,218</u>	<u>5,198,395</u>
<b>Total Shareholders' Equity</b>		<b><u>6,032,719</u></b>	<b><u>5,439,152</u></b>	<b><u>5,708,349</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>10,206,892</u></b>	<b><u>9,270,119</u></b>	<b><u>9,158,627</u></b>

Approved for issue by the Board of Directors on November 5, 2020 and signed on its behalf by:



Hon. Lascelles Chin, OJ, CD  
Executive Chairman



James E.D Rawle  
Deputy Executive Chairman

**LASCO Distributors Limited**  
**Statement of Cashflows**  
**For six months ended September 30, 2020**

	Unaudited 30 Sep 2020 J\$'000	Unaudited 30 Sep 2019 J\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit	488,059	385,579
Items not affecting cash		
Unrealized exchange gain on foreign balances	(38,973)	(45,374)
Loss on Disposal of PPE	0	8,990
Depreciation	91,860	76,381
Interest Income	(5,582)	(4,996)
Interest Expense	2,699	10,064
<b>Items not affecting cash</b>	<b>50,004</b>	<b>45,065</b>
<b>Change in Operating Assets and Liabilities</b>		
Inventories	(184,844)	(27,019)
Receivables	44,963	(258,184)
Directors current account	(985)	11,262
Related companies	5,112	(178,101)
Taxation	78,826	7,068
Payables	684,035	623,454
<b>Changes in non-cash working capital components</b>	<b>627,107</b>	<b>178,480</b>
<b>Cash provided by Operating Activities</b>	<b>1,165,170</b>	<b>609,124</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	5,582	4,996
Short term Investments	(51,682)	(12,170)
Property, Plant & Equipment & Intangible Assets	(41,581)	(141,326)
Lease Liability	(1,426)	0
Financial assets at fair value through other comprehensive income	(0)	(5,048)
<b>Net Cash used in Investing Activities</b>	<b>(89,107)</b>	<b>(153,548)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest Paid	(2,699)	(10,064)
Loan Paid	(40,000)	(240,000)
Dividend paid	(178,923)	(150,816)
Issue of Shares	2,118	142
<b>Cash used in Financing Activities</b>	<b>(219,504)</b>	<b>(400,738)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>856,559</b>	<b>54,838</b>
Cash and cash equivalents at the beginning of the period	1,471,891	1,310,797
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>2,328,450</b>	<b>1,365,635</b>

LASCO Distributors Limited  
**Statement of Changes in Shareholders' Equity**  
For six months ended September 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	12,709	9,697	4,623,455	5,188,987
Current year Profits	0	0	0	0	385,579	385,579
Other Comprehensive Income	0	0	15,260	0	0	15,260
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)
<b>Balance as at September 30, 2019</b>	<b>467,881</b>	<b>75,387</b>	<b>27,969</b>	<b>9,697</b>	<b>4,858,218</b>	<b>5,439,152</b>
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	488,059	488,059
Other Comprehensive Income	0	0	13,115	0	0	13,115
Transfer from Other reserves	0	0	0	0	0	0
Issue of Shares	2,118	0	0	0	0	2,118
Dividends Paid	0	0	0	0	(178,923)	(178,923)
<b>Balance as at September 30, 2020</b>	<b>471,190</b>	<b>75,387</b>	<b>(31,187)</b>	<b>9,797</b>	<b>5,507,532</b>	<b>6,032,719</b>



## NOTES TO THE FINANCIAL STATEMENTS

### **1. IDENTIFICATION AND ACTIVITIES:**

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

### **2. SIGNIFICANT ACCOUNTING POLICIES:**

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

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

	<u>Units</u>	<u>Sep-20</u>	<u>Sep-19</u>	<u>Mar-20</u>
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Equities		284,424	55,007	254,754
Convertible loan notes		<u>29,514</u>	<u>26,942</u>	<u>26,506</u>
		<u>313,938</u>	<u>81,949</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

	<u>Sep-20</u>	<u>Sep-19</u>	<u>Mar-20</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade Receivables			
Roche Diagnostics	771,703	552,134	572,190
Regular Trade	<u>1,479,005</u>	<u>1,640,332</u>	<u>1,783,657</u>
	2,250,708	2,192,466	2,355,847
Less: Provision for Bad Debts	<u>(55,633)</u>	<u>(46,215)</u>	<u>(57,445)</u>
	2,195,075	2,146,251	2,298,402
Other Receivables	<u>644,081</u>	<u>709,132</u>	<u>565,077</u>
	<u>2,839,156</u>	<u>2,855,383</u>	<u>2,863,479</u>

#### 6. PAYABLES

	<u>Sep-20</u>	<u>Sep-19</u>	<u>Mar-20</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade Payables			
Roche Diagnostics	147,138	234,480	504,794
Regular Trade	<u>3,471,139</u>	<u>3,032,728</u>	<u>2,623,639</u>
	3,618,277	3,267,208	3,128,433
Other Payables & Accruals	<u>335,995</u>	<u>187,634</u>	<u>140,574</u>
	<u>3,954,272</u>	<u>3,454,842</u>	<u>3,269,007</u>

## 7. LOANS

	<u>Sep-20</u> <u>\$'000</u>	<u>Sep-19</u> <u>\$'000</u>	<u>Mar-20</u> <u>\$'000</u>
FirstCaribbean International Bank Ltd:			
Short Term Loans	<u>0</u>	<u>166,667</u>	<u>0</u>
Current Portion of Long Term Loan	53,333	80,000	80,000
Non-Current Portion of Long Term Loan	<u>0</u>	<u>53,333</u>	<u>13,333</u>
Long Term Loan	<u>53,333</u>	<u>133,333</u>	<u>93,333</u>

## 8. SHARE CAPITAL

	<u>Sep-20</u> <u>\$'000</u>	<u>Sep-19</u> <u>\$'000</u>	<u>Mar-20</u> <u>\$'000</u>
Authorised - 3,630,000,000 ordinary shares of no par value			
Stated capital – Issued and fully paid – 3,509,843,292 (Sep 2019 – 3,507,401,835 & Mar 2020 – 3,507,924,959) ordinary shares of no par value	<u>471,190</u>	<u>467,881</u>	<u>469,072</u>