



LASCO DISTRIBUTORS LIMITED

THIRD QUARTER

UNAUDITED FINANCIAL REPORT

NINE MONTHS ENDED DECEMBER 31, 2020

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REPORT TO THE SHAREHOLDERS

For nine months ended December 31, 2020

The Board of Directors of LASCO Distributors Limited is pleased to present the unaudited results for the nine months ended December 31, 2020.

Nine Months Quarter Results

Revenue for the nine months ended December 31, 2020 was \$15.2B or a 6% increase over the corresponding period of the prior year.

Net Profit for the company grew by 31% to close the period at \$731 million or \$174 million over the same period last year and **Net Profit Margin ratio** improved from 3.9% to 4.8%. **Profit before taxation** was \$870 million or an increase of 41% over the prior period last year. **Gross profit** closed at \$ 2.8 billion or down by 1% over the corresponding period last year.

Total Administrative expenses were \$2.0 billion or 11% lower than the previous year resulting in an improved **Expense to Sales ratio** of 13.3% compared to 15.9% in the prior year.

Three Months Quarter Results:

Revenue grew by 6% for the three months ended December 2020 to close the period at \$5.2 billion.

Net profit was \$243 million or an increase of 41% over the corresponding period last year. **Profit before taxation** was \$291 million or 55% more than the prior period last year. **Gross profit** closed at \$930 million or 1% more than the corresponding period last year.

Total Administrative expenses were \$664 million or down by 12% over the same period last year.

Year to date Balance Sheet Results:

At the end of December 2020, **total non-current assets** stood at \$2.3 billion an increase of 5% over the same period last year. **Inventories** increased by \$140 million or 6% to close at \$2.6 billion. **Trade receivables** closed the period at \$2.2 billion, a reduction of 3% compared to prior year. **Cash and short-term Investments**, combined, closed the period at \$2.4 billion compared to \$1.4 billion for the same period last year. **Trade payables** decreased by \$247 million or 7% to close the period at \$3.3 billion. **Total loans** owing at the end of the period was \$33 million compared to \$113 million in the previous year. **Total shareholders' equity** was \$6.3 billion, which was \$700 million or 12% over the prior year.

Corporate Social Responsibility – The Company continues to contribute to its corporate social responsibility programmes that focus on health, education, community, youth empowerment, and the environment.

In October 2020, LASCO Distributors Limited (LDL) and the Ministry of Education, Youth & Information/Jamaica Teaching Council recognized over one hundred principals and teachers for their hard work since the onset of the novel coronavirus.

We strongly believe in youth development and empowerment and subsequently has launched several initiatives to make this vision a reality. The REAP Programme allows us to teach our children about the importance of protecting our environment and safeguarding it against climate change's severe implications. Additionally, we have adopted two schools, Gwen Neil, and Collins Close Basic Schools, to provide unwavering support. Through the REAP Programme, we were pleased to crown The Priory Primary & Infant School as the 2019/2020 winner, as they were able to collect thousands of bottles that will be used for recycling purposes and won the award for the school which planted the most trees. In December, LDL contributed gifts and refreshments to teachers and students of the two adopted schools.

COVID 19 Impact - The Coronavirus outbreak has severely impacted the operations of international and local businesses including LDL. This has been evident in the shift in the supply and demand chain, a contraction in sales for some categories of products and change in the dynamics with our customers. However, we have so far successfully weathered the impact of the pandemic and has maintained market position through constant monitoring and implementation of strategic measures.

The company remains resolute in the fight against the pandemic. As such, it is essential to align safety with productivity. Therefore, in conjunction with the Government of Jamaica COVID-19 protocols, the company has implemented several initiatives to curtail the spread of the virus inclusive of social distancing measures and increase in sanitary measures, amongst other efforts.

We thank all our stakeholders, staff and valued customers for their undiluted support and loyalty over the years. We are committed to navigate through this unprecedented period with a transformative and innovative attitude.



James E.D. Rawle

Deputy Executive Chairman

LASCO Distributors Limited

Statement of Comprehensive Income

For nine months ended December 31, 2020

(Unaudited and expressed in Thousands)

	Unaudited	Unaudited	Unaudited	Unaudited
	3 months to	3 months to	Year-to-date	Year-to-date
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	J\$'000	J\$'000	J\$'000	J\$'000
Revenue	5,167,397	4,895,274	15,228,899	14,300,588
Cost of Sales	<u>(4,237,838)</u>	<u>(3,974,507)</u>	<u>(12,439,800)</u>	<u>(11,481,668)</u>
Gross Profit	929,559	920,767	2,789,099	2,818,920
Other Operating Income/(Loss)	24,933	25,419	105,680	70,730
Operating Expenses	<u>(662,880)</u>	<u>(755,736)</u>	<u>(2,020,970)</u>	<u>(2,259,380)</u>
Profit from Operations	291,612	190,450	873,809	630,270
Finance Costs	<u>(890)</u>	<u>(2,493)</u>	<u>(3,589)</u>	<u>(12,557)</u>
Profit before Taxation	290,722	187,957	870,220	617,713
Taxation	<u>(47,529)</u>	<u>(16,038)</u>	<u>(138,968)</u>	<u>(60,214)</u>
Net Profit for the period	243,193	171,919	731,252	557,499
Other Comprehensive Income: Items that will or may not be reclassified to Profit or Loss -				
Unrealised gains on financial instruments	<u>36,225</u>	<u>3,585</u>	<u>36,225</u>	<u>3,585</u>
Total Comprehensive Income for the Period	<u>279,418</u>	<u>175,504</u>	<u>767,477</u>	<u>561,084</u>
Earnings per stock unit				
Basic and Diluted	\$ 0.07	\$ 0.05	\$ 0.21	\$ 0.16


LASCO Distributors Limited
Statement of Financial Position
as at December 31, 2020

	Notes	Unaudited 31 Dec 2020 \$'000	Unaudited 31 Dec 2019 \$'000	Audited 31 Mar 2020 \$'000
ASSETS:				
Non-Current Assets				
Property, Plant & Equipment		1,872,159	1,919,170	1,922,116
Intangible assets		64,461	92,404	85,418
Right-of-use assets		9,857	0	12,132
Financial assets at fair value through other comprehensive income	4	369,384	202,633	281,260
		<u>2,315,861</u>	<u>2,214,207</u>	<u>2,300,926</u>
Current Assets				
Inventories		2,638,418	2,498,042	2,375,149
Receivables	5	2,789,473	3,258,912	2,863,479
Related Companies		64,628	80,049	65,107
Directors Current Account		774	2,285	4,361
Taxation recoverable		3,905	2,865	2,010
Short term Investments		128,060	206,613	75,704
Cash and Cash Equivalents		2,225,273	1,228,552	1,471,891
Total Current Assets		<u>7,850,531</u>	<u>7,277,318</u>	<u>6,857,701</u>
TOTAL ASSETS		<u>10,166,392</u>	<u>9,491,525</u>	<u>9,158,627</u>
EQUITY AND LIABILITIES:				
Current Liabilities				
Payables	6	3,620,653	3,706,317	3,269,007
Taxation Payable		132,254	49,743	32,782
Current Portion of Long term loans	7	33,333	80,000	80,000
Current Portion of Lease Liability		2,980	0	2,851
Total Current Liabilities		<u>3,789,220</u>	<u>3,836,060</u>	<u>3,384,640</u>
Non-Current Liabilities				
Long Term Loans	7	0	33,333	13,333
Lease Liability		7,356	0	9,623
Deferred Tax Liability		70,794	22,735	42,682
Total Non-Current Liabilities		<u>78,150</u>	<u>56,068</u>	<u>65,638</u>
Shareholders' Equity				
Share Capital	8	471,190	467,881	469,072
Revaluation reserves		75,387	75,387	75,387
Fair value reserves		(8,077)	16,294	(44,302)
Other reserves		9,797	9,697	9,797
Retained Earnings		5,750,725	5,030,138	5,198,395
Total Shareholders' Equity		<u>6,299,022</u>	<u>5,599,397</u>	<u>5,708,349</u>
TOTAL EQUITY AND LIABILITIES		<u>10,166,392</u>	<u>9,491,525</u>	<u>9,158,627</u>

Approved for issue by the Board of Directors on February 03, 2021 and signed on its behalf by:



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



James E.D. Rawle
Deputy Executive Chairman

LASCO Distributors Limited
Statement of Cashflows
For nine months ended December 31, 2020

	Unaudited 31 Dec 2020 J\$'000	Unaudited 31 Dec 2019 J\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit	731,252	557,499
Items not affecting cash		
Unrealized exchange loss on foreign balances	(14,146)	(9,103)
Loss on Disposal of PPE	0	8,990
Depreciation	137,423	117,837
Interest Income	(10,121)	(7,834)
Interest Expense	3,589	12,557
Items not affecting cash	116,745	122,447
Change in Operating Assets and Liabilities		
Inventories	(263,269)	(30,410)
Receivables	88,700	(686,217)
Directors current account	3,587	10,074
Related companies	479	(2,191)
Taxation	125,691	3,211
Payables	339,188	865,535
Changes in non-cash working capital components	294,376	160,002
Cash provided by Operating Activities	1,142,373	839,948
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	10,121	7,834
Short term Investments	(52,355)	(9,796)
Acquisition of Property, Plant & Equipment & Intangible Assets	(64,234)	(190,552)
Lease Liability	(2,138)	0
Financial assets at fair value through other comprehensive income	(39,992)	(139,781)
Net Cash used in Investing Activities	(148,598)	(332,295)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest Paid	(3,589)	(12,557)
Loan Paid	(60,000)	(426,667)
Dividend paid	(178,922)	(150,816)
Issue of Shares	2,118	142
Cash used in Financing Activities	(240,393)	(589,898)
NET CHANGE IN CASH AND CASH EQUIVALENTS	753,382	(82,245)
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	2,225,273	1,228,552

LASCO Distributors Limited
Statement of Changes in Shareholders' Equity
For nine months ended December 31, 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	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
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	731,252	731,252
Other Comprehensive Income	0	0	36,225	0	0	36,225
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	(178,922)	(178,922)
Balance as at December 31, 2020	471,190	75,387	(8,077)	9,797	5,750,725	6,299,022

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>Dec-20</u>	<u>Dec-19</u>	<u>Mar-20</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Equities	341,042	175,691	254,754
Convertible loan notes	<u>28,342</u>	<u>26,942</u>	<u>26,506</u>
	<u>369,384</u>	<u>202,633</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 (11,503,000 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>Dec-20</u>	<u>Dec-19</u>	<u>Mar-20</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade Receivables			
Roche Diagnostics	573,420	592,869	572,190
Regular Trade	<u>1,647,805</u>	<u>1,683,323</u>	<u>1,783,657</u>
	2,221,225	2,276,192	2,355,847
Less: Provision for Bad Debts	<u>(55,631)</u>	<u>(46,203)</u>	<u>(57,445)</u>
	2,165,594	2,229,989	2,298,402
Other Receivables	<u>623,879</u>	<u>1,028,923</u>	<u>565,077</u>
	<u>2,789,473</u>	<u>3,258,912</u>	<u>2,863,479</u>

6. PAYABLES

	<u>Dec-20</u>	<u>Dec-19</u>	<u>Mar-20</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade Payables			
Roche Diagnostics	43,405	60,587	504,794
Regular Trade	<u>3,250,031</u>	<u>3,480,098</u>	<u>2,623,639</u>
	3,293,436	3,540,685	3,128,433
Other Payables & Accruals	<u>327,217</u>	<u>165,632</u>	<u>140,574</u>
	<u>3,620,653</u>	<u>3,706,317</u>	<u>3,269,007</u>

7. LOANS

	<u>Dec-20</u> <u>\$'000</u>	<u>Dec-19</u> <u>\$'000</u>	<u>Mar-20</u> <u>\$'000</u>
FirstCaribbean International Bank Ltd:			
Current Portion of Long Term Loan	33,333	80,000	80,000
Non-Current Portion of Long Term Loan	0	33,333	13,333
Long Term Loan	<u>33,333</u>	<u>113,333</u>	<u>93,333</u>

8. SHARE CAPITAL

	<u>Dec-20</u> <u>\$'000</u>	<u>Dec-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 –			
3,510,403,292 (Dec 2019 – 3,507,591,626 & Mar 2020 – 3,507,924,959) ordinary shares of no par value	<u>471,190</u>	<u>467,881</u>	<u>469,072</u>