



LASCO DISTRIBUTORS LIMITED

FIRST QUARTER

UNAUDITED FINANCIAL REPORT

THREE MONTHS ENDED JUNE 30, 2021

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REPORT TO THE SHAREHOLDERS

For three months ended June 30, 2021

The Board of Directors of LASCO Distributors Limited is pleased to present the unaudited results for the first quarter ended June 30, 2021.

Quarter Results

For the first quarter of the financial year, LASCO Distributors Limited delivered an increase in both revenue and profit over the previous year, despite the continued challenging environment.

Revenue was \$5.76B, an increase of 22.4% over the previous year. **Gross Profit** increased by 7.6% to \$964M achieving a Gross Margin of 16.7% compared to a Gross Margin of 19.1% in the previous year. This was due to increased product and logistics costs, which were not immediately recovered through price increases, and the implementation of temporary price promotions to drive volumes.

Operating and Finance Expenses were \$700M or 7.3% above the prior year.

Operating Profit was \$347M in the first quarter an increase of 9.4% compared to the previous year.

Net Profit was \$292M, an increase of 13.2% over the prior year.

Balance Sheet

Total Assets at the end of June 2021 stood at \$11.9B, an increase of 21.2% compared to the same period last year. **Inventories** increased by \$464M or 19.6% to close at \$2.8B. **Trade Receivables** increased to \$2.4B, an increase of 18.3% over the previous year. **Cash and Short-term investments** taken together closed at \$3.5B compared to \$2.6B for the same period last year, an increase of 36%. **Trade Payables** increased to \$4.4B, an increase of 29.5% over last year. During the period, the company paid \$13M representing the final short-term portion of debt, resulting in a long-term Debt-free position at the end of the Quarter. **Shareholders' Equity** closed at \$6.8B, which was \$1B or 17.3% above the previous year.

The positive first quarter built on the solid performance of the prior financial year and is due to the dedication and professionalism of our people during these challenging times. All key categories delivered growth, led by the Nutrition flagship brand LASCO Food Drink, which continued to expand its leadership position. The beverage category benefitted from the reopening of several distribution channels which were closed during the first quarter of financial year 2020/2021. Our Healthcare portfolio in the Pharmaceutical Division also delivered very strong growth, leveraging relationships with strategic multinational partners.

Corporate Social Responsibility

The company continued its support for the country's frontline health workers and collaborated with the Nurses Association of Jamaica to celebrate their invaluable contribution on International Nurses' Day.

In June 2021, a Nurses and Nursing Student competition which included written examinations, public speaking, practical exercises, and interview segments was held. The winners will be announced during Nurses Week to be observed in July 2021.

COVID-19 Impacts / Outlook

The pandemic has created challenges, and opportunities to serve consumers and customers in more innovative ways and reshape the organization and strengthen relationships with our partners. LASCO Distributors Limited continues to adapt its operating model to an ever-changing environment while executing its strategy to achieve its objective of sustainable, profitable growth.

The Board of Directors would like to extend our thanks to all stakeholders for your support as we continue to navigate a dynamic environment and achieve our purpose of enhancing Everyday Family Values

Yours sincerely,

LASCO Distributors Limited



John De Silva
Managing Director

LASCO Distributors Limited

Statement of Comprehensive Income

For three months ended June 30, 2021

(Unaudited and expressed in Thousands)

	Unaudited 3 months to 30 Jun 2021	Unaudited 3 months to 30 Jun 2020	Unaudited Year-to-date 30 Jun 2021	Unaudited Year-to-date 30 Jun 2020
	J\$'000	J\$'000	J\$'000	J\$'000
Revenue	5,757,014	4,704,421	5,757,014	4,704,421
Cost of Sales	(4,792,827)	(3,808,186)	(4,792,827)	(3,808,186)
Gross Profit	964,187	896,235	964,187	896,235
Other Operating Income/(Loss)	82,531	73,140	82,531	73,140
Operating Expenses	(699,686)	(650,842)	(699,686)	(650,842)
Profit from Operations	347,032	318,533	347,032	318,533
Finance Costs	(257)	(1,502)	(257)	(1,502)
Profit before Taxation	346,775	317,031	346,775	317,031
Taxation	(54,710)	(59,011)	(54,710)	(59,011)
Net Profit for the period	292,065	258,020	292,065	258,020
Other Comprehensive Income: Items that will or may not be reclassified to Profit or Loss -				
Unrealised gains on financial instrument:	37,285	13,339	37,285	13,339
Total Comprehensive Income for the Period	329,350	271,359	329,350	271,359
Earnings per stock unit				
Basic and Diluted	\$ 0.08	\$ 0.07	\$ 0.08	\$ 0.07

LASCO Distributors Limited
Statement of Financial Position
as at June 30, 2021

	Notes	Unaudited 30 Jun 2021 \$'000	Unaudited 30 Jun 2020 \$'000	Audited 31 Mar 2021 \$'000
ASSETS:				
Non-Current Assets				
Property, Plant & Equipment		1,856,160	1,910,875	1,882,931
Intangible assets		50,489	78,433	57,475
Right-of-use assets		8,340	11,373	9,099
Financial assets at fair value through other comprehensive income	4	460,563	302,853	417,858
		<u>2,375,552</u>	<u>2,303,534</u>	<u>2,367,363</u>
Current Assets				
Inventories		2,829,259	2,365,538	2,913,619
Receivables	5	3,201,337	2,544,025	3,232,378
Related Companies		45,194	68,603	28,088
Directors Current Account		0	5,300	0
Taxation recoverable		2,315	2,433	1,082
Short term Investments		233,969	226,540	231,281
Cash and Cash Equivalents		3,234,507	2,324,424	2,037,742
Total Current Assets		<u>9,546,581</u>	<u>7,536,863</u>	<u>8,444,190</u>
TOTAL ASSETS		<u>11,922,133</u>	<u>9,840,397</u>	<u>10,811,553</u>
EQUITY AND LIABILITIES:				
Current Liabilities				
Payables	6	4,875,365	3,832,550	4,110,182
Bank Overdraft		17,749	0	17,531
Taxation Payable		148,328	49,496	134,648
Current Portion of Long term loans	7	0	73,333	13,333
Current Portion of Lease Liability		3,068	2,894	3,023
Total Current Liabilities		<u>5,044,510</u>	<u>3,958,273</u>	<u>4,278,717</u>
Non-Current Liabilities				
Lease Liability		5,799	8,867	6,600
Deferred Tax Liability		70,046	73,514	53,808
Total Non-Current Liabilities		<u>75,845</u>	<u>82,381</u>	<u>60,408</u>
Shareholders' Equity				
Share Capital	8	472,686	469,107	472,686
Revaluation reserves		75,387	75,387	75,387
Fair value reserves		25,727	(30,963)	(11,558)
Other reserves		6,959	9,797	6,959
Retained Earnings		6,221,019	5,276,415	5,928,954
Total Shareholders' Equity		<u>6,801,778</u>	<u>5,799,743</u>	<u>6,472,428</u>
TOTAL EQUITY AND LIABILITIES		<u>11,922,133</u>	<u>9,840,397</u>	<u>10,811,553</u>

Approved for issue by the Board of Directors on July 27, 2021, and signed on its behalf by:


Hon. Lascelles Chin, OJ, CD.
Executive Chairman


John De Silva
Managing Director

LASCO Distributors Limited
Statement of Cashflows
For three months ended June 30, 2021

	Unaudited 30 Jun 2021 J\$'000	Unaudited 30 Jun 2020 J\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit	292,065	258,020
Items not affecting cash		
Unrealized exchange loss on foreign balances	(41,168)	(38,072)
Loss on Disposal of PPE	0	0
Depreciation	39,296	45,292
Interest Income	(5,020)	(2,525)
Interest Expense	257	1,502
Items not affecting cash	(6,635)	6,197
Change in Operating Assets and Liabilities		
Inventories	84,361	9,611
Receivables	63,792	349,519
Directors current account	(0)	(939)
Related companies	(17,106)	(3,496)
Taxation	28,685	47,123
Payables	768,857	563,296
Changes in non-cash working capital components	928,589	965,114
Cash provided by Operating Activities	1,214,019	1,229,331
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	5,020	2,525
Short term Investments	(2,688)	(150,836)
Acquisition of Property, Plant & Equipment & Intangible Assets	(4,781)	(26,307)
Lease Liability	(756)	(713)
Acquisition of Financial assets at fair value through other comprehensive income	(677)	0
Net Cash used in Investing Activities	(3,882)	(175,331)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest Paid	(257)	(1,502)
Loan Paid	(13,333)	(20,000)
Dividend paid	0	(180,000)
Issue of Shares	(0)	35
Cash used in Financing Activities	(13,590)	(201,467)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,196,547	852,533
Cash and cash equivalents at the beginning of the period	2,020,211	1,471,891
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3,216,758	2,324,424

LASCO Distributors Limited
Statement of Changes in Shareholders' Equity
as at June 30, 2021

	Share Capital	Revaluation Reserve	Fair Value Reserve	Other Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2020	469,072	75,387	(44,302)	9,797	5,198,395	5,708,348
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
Dividends Paid	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
Balance at 1 April 2021	472,686	75,387	(11,558)	6,959	5,928,954	6,472,428
Current year profits	0	0	0	0	292,065	292,065
Other Comprehensive Income	0	0	37,285	0	0	37,285
Transfer from Other reserves	0	0	0	0	0	0
Issue of Shares	0	0	0	0	0	0
Dividends Paid	0	0	0	0	0	0
Balance as at June 30, 2021	472,686	75,387	25,727	6,959	6,221,019	6,801,778

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 2021.

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 was 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 tax benefit therefore expired on October 12, 2020.

The financial statements have been prepared on the basis that the company will retain the full benefit of the tax remission claimed in prior periods.

4. FINANCIAL ASSETS

	<u>Jun-21</u>	<u>Jun-20</u>	<u>Mar-21</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Bond & Equities	431,218	275,041	389,223
Convertible loan notes	<u>29,345</u>	<u>27,812</u>	<u>28,635</u>
	<u>460,563</u>	<u>302,853</u>	<u>417,858</u>

Financial assets at fair value through other comprehensive income represent quoted equities, bonds and unsecured Convertible loan notes.

5. RECEIVABLES

	<u>Jun-21</u>	<u>Jun-20</u>	<u>Mar-21</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade Receivables			
Roche Diagnostics	775,078	572,840	765,765
Regular Trade	<u>1,671,204</u>	<u>1,509,914</u>	<u>1,736,227</u>
	<u>2,446,282</u>	<u>2,082,754</u>	<u>2,501,992</u>
Less: Provision for Bad Debts	<u>(49,823)</u>	<u>(57,437)</u>	<u>(49,826)</u>
	<u>2,396,459</u>	<u>2,025,317</u>	<u>2,452,166</u>
Other Receivables	<u>804,878</u>	<u>518,708</u>	<u>780,212</u>
	<u>3,201,337</u>	<u>2,544,025</u>	<u>3,232,378</u>

6. PAYABLES

	<u>Jun-21</u>	<u>Jun-20</u>	<u>Mar-21</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade Payables			
Roche Diagnostics	196,708	46,424	706,919
Regular Trade	<u>4,159,529</u>	<u>3,316,590</u>	<u>3,185,866</u>
	<u>4,356,237</u>	<u>3,363,014</u>	<u>3,892,785</u>
Other Payables & Accruals	<u>519,128</u>	<u>469,536</u>	<u>217,397</u>
	<u>4,875,365</u>	<u>3,832,550</u>	<u>4,110,182</u>

7. LOANS

	<u>Jun-21</u>	<u>Jun-20</u>	<u>Mar-21</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
FirstCaribbean International Bank Ltd:			
Current Portion of Long Term Loan	0	73,333	13,333
Long Term Loan Balance	<u>0</u>	<u>73,333</u>	<u>13,333</u>

8. SHARE CAPITAL

	<u>Jun-21</u>	<u>Jun-20</u>	<u>Mar-21</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Authorised - 3,630,000,000 ordinary shares of no par value			
Stated capital – Issued and fully paid – 3,510,702,702 (Jun 2020 – 3,509,843,292 & Mar 2021 – 3,510,703,000) ordinary shares of no par va	<u>472,686</u>	<u>469,107</u>	<u>472,686</u>