



**LASCO DISTRIBUTORS LIMITED**

**THIRD QUARTER**

**UNAUDITED FINANCIAL REPORT**

**NINE MONTHS ENDED**

**31<sup>st</sup> DECEMBER 2021**

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**REPORT TO THE SHAREHOLDERS**  
**Nine months ended 31<sup>st</sup> December 2021**

The Board of Directors of LASCO Distributors Limited is pleased to present the unaudited results for the nine months ended December 31<sup>st</sup>, 2021.

**Nine Month Results**

For the nine-month period ended December 31<sup>st</sup>, 2021, LASCO Distributors Limited delivered growth in both Revenue and Net Profit in line with its strategic objective to deliver sustainable, profitable growth.

**Revenue** was \$17.37B, an increase of 14.0%, or \$2.14B over the previous year. This was the result of continued broad-based growth in all key categories and brands, driven by increased marketing investment and expanded distribution.

The **Nutrition** business, including the Food and Beverage brands, continues to grow, led by a recovery in the Beverages category as out-of-home channels re-opened and on-the-go consumption increased. LASCO Food Drink continues to enhance its category leading position, delivering consistent and sustained growth. Our long-standing distribution arrangement with Salada Foods Jamaica Ltd. delivered growth in the Coffee and Tea portfolio, driven by expanded distribution and excellence in in-store execution.

In the **Hygiene** business, the Unilever portfolio continues to be a priority as consumer demand for leading brands in this category continues to be strong, and the outlook remains positive.

The margin-accretive **Healthcare** (Pharmaceutical) portfolio's growth continues as we intensify execution of our integrated marketing, sales, and distribution strategy. We continue to invest in talent, training and technology while strengthening our partnerships with global leaders in the pharmaceutical industry to increase the rate of deploying innovation into the market.

**Gross Profit** increased by 4.6% or \$128M, to \$2.92B. **Gross Margins** were 16.8% compared to 18.3% in the previous year, impacted by escalating product and freight costs which were partially offset by price increases and changes to the sales mix.

**Operating Expenses** were \$2.13B, an increase of 5.6%, lower than the Revenue growth rate, resulting in an Operating Expense ratio of 12.3%, down from 13.3% the year before.

**Profit Before Tax** was \$978M, an increase of 12.3%, or \$107M. Despite an increase in Taxation by 45.7% as the company is now subject to the full Income Tax Rate, **Net Profit** grew by 6% to \$775M.



## Quarter Results

For the third quarter of the financial year **Revenue** was \$5.8B, an increase of 12.1% over the previous year. While the company focuses on growing its core portfolio, innovation and portfolio expansion will also deliver additional profitable growth. In line with this, in November, we launched ELOA, Europe's leading aloe vera beverage. ELOA is 100% organic and all-natural and represents addition to our core nutrition and health portfolio.

**Gross Profit** grew by 7.8%, crossing the \$1B mark for the Quarter. **Other Income** increased to \$113M, driven by the Healthcare business and Foreign Exchange gains.

**Operating Expenses** were \$751M for the Quarter, an increase of 13.3% above the prior year.

**Profit Before Tax** increased by 24.5% to \$363M for the third quarter and **Taxation** was \$77M, an increase of 61% over Q3 Last Year.

**Net Profit** for the Quarter improved by 17.6% to \$286M.

## Balance Sheet

**Total Assets** at the end of December 2021 stood at \$11.65B, an increase of 14.6% compared to the same period last year. **Inventories** increased by \$655M or 24.8% to close at \$3.3B. This increase was caused by the decision to carry higher inventory levels to minimize the impact of further supply chain disruptions. **Total Receivables** increased to \$3.5B, an increase of 24.4% over the previous year.

**Cash and Short-term investments** taken together closed at \$2.50B compared to \$2.35B for the same period last year, an increase of 6.4%.

**Total Payables** increased to \$4.28B, an increase of 18.3% over last year. **Shareholders' Equity** closed at \$7.0B, which was \$736M or 11.7% above the previous year.

## Corporate Social Responsibility

In continuation of our Corporate Social Responsibility initiatives, the company partnered with the Jamaica Constabulary Force, Nurses Association of Jamaica, and the Ministry of Education to support the Drop of Love Blood Drive during Civil Servants' Week.

We also participated in Police Week with donations to the families of police officers. During the Christmas Season, the company provided school supplies to graduating students at our adopted basic schools of Gwen Neil and Collins Close, furthering our commitment to education and nation building.

In November and December, we partnered with LASCO Manufacturing Limited and the Ministry of Health and Wellness to conduct two additional vaccination blitzes at the LASCO White Marl Complex for our employees and their families, bringing the total number to four so far.

### **COVID-19 Impact / Outlook**

The Company continues to adapt its operations to the new normal, acutely focused on protecting employees, responding to customer and consumer demand, implementing supply contingency plans, and supporting the communities we operate in.

Nonetheless, sourcing and logistics costs are not expected to reverse its current trend in the short-term and the increased costs associated with an intensified and sustained sanitization and health protocol compliance program are what you would expect. Compliance with the required health protocols is non-negotiable and the company will accelerate the execution of its operational excellence programs to fund these additional costs.

The Board of Directors would like to extend our thanks to all stakeholders, and our dedicated workforce and customers, for their support as we continue to achieve our purpose of enhancing Everyday Family Values through Nutrition, Hygiene and Healthcare.

Yours sincerely,

**LASCO Distributors Limited**



**John De Silva**  
**Managing Director**

**LASCO Distributors Limited**

## Statement of Comprehensive Income

For nine months ended December 31, 2021

*(Unaudited and expressed in Thousands)*

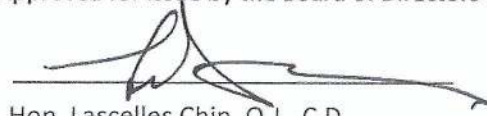
	Unaudited 3 months to 31 Dec 2021	Unaudited 3 months to 31 Dec 2020	Unaudited Year-to-date 31 Dec 2021	Unaudited Year-to-date 31 Dec 2020
	J\$'000	J\$'000	J\$'000	J\$'000
Revenue	5,791,873	5,167,397	17,365,561	15,228,899
Cost of Sales	(4,790,123)	(4,237,838)	(14,448,598)	(12,439,801)
<b>Gross Profit</b>	<b>1,001,750</b>	<b>929,559</b>	<b>2,916,963</b>	<b>2,789,098</b>
Other Operating Income	112,574	24,933	196,585	105,680
Operating Expenses	(751,368)	(662,880)	(2,134,367)	(2,020,969)
Profit from Operations	<b>362,956</b>	<b>291,612</b>	<b>979,181</b>	<b>873,809</b>
Finance Costs	(358)	(890)	(1,522)	(3,589)
<b>Profit before Taxation</b>	<b>362,598</b>	<b>290,722</b>	<b>977,659</b>	<b>870,220</b>
Taxation	(76,697)	(47,529)	(202,456)	(138,968)
<b>Net Profit for the period</b>	<b>285,901</b>	<b>243,193</b>	<b>775,203</b>	<b>731,252</b>
Other Comprehensive Income:				
Items that will or may not be				
Unrealised gains on financial instruments	15,225	36,224	15,225	36,224
<b>Total Comprehensive Income</b>	<b>301,126</b>	<b>279,417</b>	<b>790,428</b>	<b>767,476</b>
<b>Earnings per stock unit</b>				
Basic and Diluted	<b>\$ 0.08</b>	<b>\$ 0.07</b>	<b>\$ 0.22</b>	<b>\$ 0.21</b>



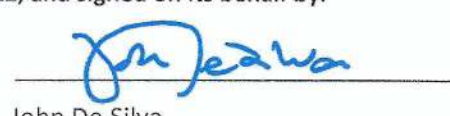
LASCO Distributors Limited  
Statement of Financial Position  
as at December 31, 2021

	Unaudited Notes 31 Dec 2021 \$'000	Unaudited 31 Dec 2020 \$'000	Audited 31 Mar 2021 \$'000
<b>ASSETS:</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	1,836,894	1,872,159	1,882,931
Intangible assets	36,518	64,461	57,475
Right-of-use assets	6,824	9,857	9,099
Financial assets at fair value through other comprehensive income	4 448,263	369,384	417,858
	<u>2,328,499</u>	<u>2,315,861</u>	<u>2,367,363</u>
<b>Current Assets</b>			
Inventories	3,293,472	2,638,418	2,913,619
Receivables	5 3,470,132	2,789,473	3,232,378
Related Companies	49,926	64,628	28,088
Directors Current Account	0	774	0
Taxation recoverable	3,802	3,905	1,082
Short term Investments	235,358	128,060	231,281
Cash and Cash Equivalents	2,269,431	2,225,273	2,037,742
<b>Total Current Assets</b>	<u>9,322,121</u>	<u>7,850,531</u>	<u>8,444,190</u>
<b>TOTAL ASSETS</b>	<u>11,650,620</u>	<u>10,166,392</u>	<u>10,811,553</u>
<b>EQUITY AND LIABILITIES:</b>			
<b>Current Liabilities</b>			
Payables	6 4,284,644	3,620,653	4,110,182
Bank Overdraft	7,426	0	17,531
Taxation Payable	212,731	132,254	134,648
Current Portion of Long term loans	7 0	33,333	13,333
Current Portion of Lease Liability	3,143	2,980	3,023
<b>Total Current Liabilities</b>	<u>4,507,945</u>	<u>3,789,220</u>	<u>4,278,717</u>
<b>Non-Current Liabilities</b>			
Lease Liability	4,212	7,356	6,600
Deferred Tax Liability	103,804	70,794	53,808
<b>Total Non-Current Liabilities</b>	<u>108,016</u>	<u>78,150</u>	<u>60,408</u>
<b>Shareholders' Equity</b>			
Share Capital	8 472,686	471,190	472,686
Revaluation reserves	75,387	75,387	75,387
Fair value reserves	3,667	(8,077)	(11,558)
Other reserves	6,960	9,797	6,959
Retained Earnings	6,475,961	5,750,725	5,928,954
<b>Total Shareholders' Equity</b>	<u>7,034,660</u>	<u>6,299,022</u>	<u>6,472,428</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>11,650,620</u>	<u>10,166,392</u>	<u>10,811,553</u>

Approved for issue by the Board of Directors on February 8, 2022, and signed on its behalf by:



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



John De Silva  
Managing Director

LASCO Distributors Limited  
Statement of Cashflows  
For nine months ended December 31, 2021

	Unaudited 31 Dec 2021 J\$'000	Unaudited 31 Dec 2020 J\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit	775,203	731,252
Items not affecting cash		
Unrealized exchange loss on foreign balances	(58,753)	(14,146)
Loss on Disposal of PPE	(4)	0
Depreciation	117,972	137,423
Interest Income	(13,200)	(10,121)
Interest Expense	1,522	3,589
<b>Items not affecting cash</b>	<b>47,537</b>	<b>116,745</b>
<b>Change in Operating Assets and Liabilities</b>		
Inventories	(379,853)	(263,269)
Receivables	(197,170)	88,700
Directors current account	0	3,587
Related companies	(21,838)	479
Taxation	125,359	125,691
Payables	178,142	339,188
<b>Changes in non-cash working capital components</b>	<b>(295,360)</b>	<b>294,376</b>
<b>Cash provided by Operating Activities</b>	<b>527,380</b>	<b>1,142,373</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	13,200	10,121
Short term Investments	(4,077)	(52,355)
Acquisition of Property, Plant & Equipment & Intangible	(48,703)	(64,234)
Loss on Disposal of PPE	4	0
Lease Liability	(2,267)	(2,138)
Acquisition of Financial assets at fair value through other	(692)	(39,992)
<b>Net Cash used in Investing Activities</b>	<b>(42,534)</b>	<b>(148,598)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest Paid	(1,522)	(3,589)
Loan Paid	(13,333)	(60,000)
Dividend paid	(228,196)	(178,922)
Issue of Shares	0	2,118
<b>Cash used in Financing Activities</b>	<b>(243,051)</b>	<b>(240,393)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>241,795</b>	<b>753,382</b>
Cash and cash equivalents at the beginning of the period	2,020,211	1,471,891
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>2,262,006</b>	<b>2,225,273</b>



**LASCO Distributors Limited**  
**Statement of Changes in Shareholders' Equity**  
**as at December 31, 2021**

	Share Capital	Revaluati on 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	5,708,349
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)
<b>Balance as at December 31, 2020</b>	<b>471,190</b>	<b>75,387</b>	<b>(8,077)</b>	<b>9,797</b>	<b>5,750,725</b>	<b>6,299,022</b>
Balance at 1 April 2021	472,686	75,387	(11,558)	6,960	5,928,954	6,472,428
Current year profits	0	0	0	0	775,203	775,203
Other Comprehensive Income	0	0	15,225	0	0	15,225
Dividends Paid	0	0	0	0	(228,196)	(228,196)
<b>Balance as at December 31, 2021</b>	<b>472,686</b>	<b>75,387</b>	<b>3,667</b>	<b>6,960</b>	<b>6,475,961</b>	<b>7,034,660</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 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

Units	Dec-21 \$'000	Dec-20 \$'000	Mar-21 \$'000
Bond & Equities	421,305	341,042	389,223
Convertible loan notes	26,958	28,342	28,635
	<u>448,263</u>	<u>369,384</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

	Dec-21 \$'000	Dec-20 \$'000	Mar-21 \$'000
Trade Receivables			
Roche Diagnostics	908,489	573,420	765,765
Regular Trade	<u>1,663,564</u>	<u>1,647,806</u>	<u>1,736,227</u>
	2,572,053	2,221,226	2,501,992
Less: Provision for Bad Debts	<u>(49,154)</u>	<u>(55,631)</u>	<u>(49,826)</u>
	2,522,899	2,165,595	2,452,166
Other Receivables	<u>947,233</u>	<u>623,879</u>	<u>780,212</u>
	<u>3,470,132</u>	<u>2,789,474</u>	<u>3,232,378</u>

#### 6. PAYABLES

	Dec-21 \$'000	Dec-20 \$'000	Mar-21 \$'000
Trade Payables			
Roche Diagnostics	1,004,263	43,405	706,919
Regular Trade	<u>2,804,838</u>	<u>3,250,031</u>	<u>3,185,866</u>
	3,809,101	3,293,436	3,892,785
Other Payables & Accruals	<u>475,543</u>	<u>327,217</u>	<u>217,397</u>
	<u>4,284,644</u>	<u>3,620,653</u>	<u>4,110,182</u>



**7. LOANS**

	<u>Dec-21</u>	<u>Dec-20</u>	<u>Mar-21</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Current Portion of Long Term Loan	<u>0</u>	<u>33,333</u>	<u>13,333</u>
Long Term Loan	<u>0</u>	<u>33,333</u>	<u>13,333</u>

**8. SHARE CAPITAL**

	<u>Dec-21</u>	<u>Dec-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 (Dec 2020 – 3,509,843,292 & Mar 2021 – 3,510,702,702) ordinary shares of no par value	<u>472,686</u>	<u>471,190</u>	<u>472,686</u>