



**LASCO DISTRIBUTORS LIMITED**

**FIRST QUARTER**

**UNAUDITED FINANCIAL REPORT**

**THREE MONTHS ENDED**

**30<sup>th</sup> JUNE 2022**

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## REPORT TO THE SHAREHOLDERS

### Three months ended 30th June 2022

The Board of Directors of LASCO Distributors Limited is pleased to present the unaudited results for the three months ended June 30th, 2022.

#### Three Month Results

LASCO Distributors Limited delivered another solid quarter of profitable growth, driven by accelerated and disciplined execution of the company's strategic framework.

#### Highlights

- Revenue increased by 8.7% to \$6.26B
- Net Profit increased by 11.2% to \$324.9M
- Exports increased by 35%
- Cash and Short-term investments closed at \$3.56B
- 17.7% Return on Average Equity (Annualised)

**Revenue** was \$6.26B, an increase of 8.7%, or \$500M over the previous year. This was the result of growth in all Divisions: Consumer, Pharmaceutical and Exports, driven by rebalanced marketing investment to diversify the business and a focus on improving on-shelf availability.

The **Nutrition, Food and Beverage** categories continue to grow, led by a strong recovery in the Beverages portfolio.

The **Hygiene** categories also grew, led by the Unilever portfolio of Home and Personal Care brands which increased momentum and achieved growth of 45%.

The **Healthcare** category, managed via the Pharmaceutical Division continued its growth trajectory and is collaborating with new partners to further expand its portfolio.

The redesigned **Exports** strategy is gaining traction, contributing to a 35% growth in this business as international expansion continues to be a focus for the Company.

**Gross Profit** increased by 11.2% or \$108M, to \$1.07B. Margin improvement initiatives are a focus and have yielded positive results with **Gross Margins** improving by 400 bps to 17.1% compared to 16.7% in the previous year.

**Operating Expenses** were \$718M, an increase of 2.6% due primarily to an increase in marketing investments, however the Operating Expenses ratio to Revenue decreased to 11.5% vs. 12.2% last year. Foreign Exchange movements impacted **Other Income** negatively, resulting in a loss of \$11M compared to a gain of \$43M in the previous year.



**Profit Before Tax** was \$382M, an increase of 10.3%, or \$36M. **Profit After Tax** grew by 11.2% to \$325M, improving Net Profit Margins to 5.2% vs. 5.1% last year.

#### **Balance Sheet**

**Total Assets** at the end of June 2022 stood at \$13.4B, an increase of 12.6% compared to the same period last year. **Inventories** increased by \$925M or 32.7% to close at \$3.7B. This was driven by increased safety stocks. **Total Receivables** increased to \$3.7B, an increase of 16.2% over the previous year.

**Cash and Short-term investments** taken together closed at \$3.6B compared to \$3.5B for the same period last year, an increase of 2.7%.

**Total Payables** increased to \$5.8B, an increase of 19.6% over last year.

**Total Shareholders' Equity** closed at \$7.4B, which was \$554M or 8.1% above the previous year. **Return on Average Equity** continues to increase, delivering an annualised performance of 17.7% during the Quarter.

#### **Dividend Payment**

An interim dividend of \$0.09 per share totaling \$316M was paid on June 29, 2022, to shareholders on record at the close of business on June 10, 2022.

#### **Corporate Social Responsibilities (CSR)**

In partnership with the LASCO Chin Foundation, the Nurses Association of Jamaica hosted 150 healthcare champions at the Terra Nova All Suites Hotel on May 12, 2022, to celebrate International Nurses' Day. The theme was: Nurses: A voice to lead - Invest in nursing and respect rights to secure global health.

In our continued efforts to ensure the children at our adopted schools have nutritious meals, we donated various food and beverage items to Gwen Neil Basic School for the months of April – June. In addition, a graduation ceremony was held for 16 grade 6 students to whom we provided gift packages to make the event memorable.

Yours sincerely,

**LASCO Distributors Limited**



John De Silva

**Managing Director**

**LASCO Distributors Limited**

## Statement of Comprehensive Income

For three months ended June 30, 2022


*(Unaudited and expressed in Thousands)*

	Unaudited 3 months to 30 Jun 2022	Unaudited 3 months to 30 Jun 2021	Unaudited Year-to-date 30 Jun 2022	Unaudited Year-to-date 30 Jun 2021
	J\$'000	J\$'000	J\$'000	J\$'000
Revenue	6,256,496	5,757,014	6,256,496	5,757,014
Cost of Sales	(5,184,253)	(4,792,827)	(5,184,253)	(4,792,827)
<b>Gross Profit</b>	<b>1,072,243</b>	<b>964,187</b>	<b>1,072,243</b>	<b>964,187</b>
Other Operating Income/(Loss)	28,353	82,531	28,353	82,531
Operating Expenses	(718,031)	(699,686)	(718,031)	(699,686)
<b>Operating Profit</b>	<b>382,565</b>	<b>347,032</b>	<b>382,565</b>	<b>347,032</b>
Finance Costs	(201)	(257)	(201)	(257)
<b>Profit before Taxation</b>	<b>382,364</b>	<b>346,775</b>	<b>382,364</b>	<b>346,775</b>
Taxation	(57,476)	(54,710)	(57,476)	(54,710)
<b>Net Profit for the period</b>	<b>324,888</b>	<b>292,065</b>	<b>324,888</b>	<b>292,065</b>
Other Comprehensive Income: Items that will or may not be reclassified to Profit or Loss -				
Unrealised gains on financial instrument:	58,231	37,285	58,231	37,285
<b>Total Comprehensive Income for the Period</b>	<b>383,119</b>	<b>329,350</b>	<b>383,119</b>	<b>329,350</b>
<b>Earnings per stock unit</b>				
Basic and Diluted	\$ 0.09	\$ 0.08	\$ 0.09	\$ 0.08

**LASCO Distributors Limited**  
Statement of Financial Position  
as at June 30, 2022

	Notes	Unaudited 30 Jun 2022 \$'000	Unaudited 30 Jun 2021 \$'000	Audited 31 Mar 2022 \$'000
<b>ASSETS:</b>				
<b>Non-Current Assets</b>				
Property, Plant & Equipment		1,788,870	1,856,160	1,813,652
Intangible assets		23,088	50,489	29,667
Right-of-use assets		5,308	8,340	6,066
Financial assets at fair value through other comprehensive income	4	<u>514,445</u>	<u>460,563</u>	<u>459,216</u>
		<b><u>2,331,711</u></b>	<b><u>2,375,552</u></b>	<b><u>2,308,601</u></b>
<b>Current Assets</b>				
Inventories		3,753,965	2,829,259	3,787,487
Receivables	5	3,719,847	3,201,337	3,945,825
Related Companies		45,388	45,194	42,661
Directors Current Account		9,238	-	9,867
Taxation recoverable		6,295	2,315	4,801
Short term Investments		421,118	233,969	391,433
Cash and Cash Equivalents		<u>3,141,548</u>	<u>3,234,507</u>	<u>1,959,307</u>
<b>Total Current Assets</b>		<b><u>11,097,399</u></b>	<b><u>9,546,581</u></b>	<b><u>10,141,381</u></b>
<b>TOTAL ASSETS</b>		<b><u>13,429,110</u></b>	<b><u>11,922,133</u></b>	<b><u>12,449,982</u></b>
<b>EQUITY AND LIABILITIES:</b>				
<b>Current Liabilities</b>				
Payables	6	5,827,175	4,875,365	4,927,546
Bank Overdraft		-	17,749	-
Taxation Payable		149,908	148,328	131,046
Current Portion of Lease Liability		<u>3,144</u>	<u>3,068</u>	<u>3,204</u>
<b>Total Current Liabilities</b>		<b><u>5,980,227</u></b>	<b><u>5,044,510</u></b>	<b><u>5,061,796</u></b>
<b>Non-Current Liabilities</b>				
Lease Liability		2,716	5,799	3,396
Deferred Tax Liability		<u>90,767</u>	<u>70,046</u>	<u>96,545</u>
<b>Total Non-Current Liabilities</b>		<b><u>93,483</u></b>	<b><u>75,845</u></b>	<b><u>99,941</u></b>
<b>Shareholders' Equity</b>				
Share Capital		472,686	472,686	472,686
Revaluation reserves		75,387	75,387	75,387
Fair value reserves		74,258	25,727	16,027
Other reserves		6,959	6,959	6,959
Retained Earnings		<u>6,726,110</u>	<u>6,221,019</u>	<u>6,717,186</u>
<b>Total Shareholders' Equity</b>		<b><u>7,355,400</u></b>	<b><u>6,801,778</u></b>	<b><u>7,288,245</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>13,429,110</u></b>	<b><u>11,922,133</u></b>	<b><u>12,449,982</u></b>

Approved for issue by the Board of Directors on August 3, 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 three months ended June 30, 2022

	Unaudited 30 Jun 2022 J\$'000	Unaudited 30 Jun 2021 J\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit	324,888	292,065
Items not affecting cash		
Unrealized exchange loss on foreign balances	40,127	(41,168)
Depreciation	38,681	39,296
Interest Income	(7,453)	(5,020)
Interest Expense	201	257
<b>Items not affecting cash</b>	<b>71,556</b>	<b>(6,635)</b>
<b>Change in Operating Assets and Liabilities</b>		
Inventories	33,522	84,361
Receivables	210,271	63,792
Directors current account	629	-
Related companies	(2,727)	(17,106)
Taxation	11,593	28,685
Payables	878,211	768,857
<b>Changes in non-cash working capital components</b>	<b>1,131,499</b>	<b>928,589</b>
<b>Cash provided by Operating Activities</b>	<b>1,527,943</b>	<b>1,214,019</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	7,453	5,020
Short term Investments	(29,687)	(2,688)
Acquisition of Property, Plant & Equipment & Intangible Assets	(6,562)	(4,781)
Lease Liability	(741)	(756)
Acquisition of Financial assets at fair value through other comprehensive income	-	(677)
<b>Net Cash used in Investing Activities</b>	<b>(29,537)</b>	<b>(3,882)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest Paid	(201)	(257)
Loan Paid	-	(13,333)
Dividend paid	(315,964)	-
<b>Cash used in Financing Activities</b>	<b>(316,165)</b>	<b>(13,590)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>1,182,241</b>	<b>1,196,547</b>
Cash and cash equivalents at the beginning of the period	1,959,307	2,020,211
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>3,141,548</b>	<b>3,216,758</b>

LASCO Distributors Limited  
**Statement of Changes in Shareholders' Equity**  
as at June 30, 2022

	Share Capital	Revaluation Reserve	Fair Value Reserve	Other Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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
<b>Balance as at Jun 30, 2021</b>	<b>472,686</b>	<b>75,387</b>	<b>25,727</b>	<b>6,959</b>	<b>6,221,019</b>	<b>6,801,778</b>
Balance at 1 April 2022	472,686	75,387	16,027	6,959	6,717,186	7,288,245
Current year profits	0	0	0	0	324,888	324,888
Other Comprehensive Income	0	0	58,231	0	0	58,231
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	(315,964)	(315,964)
<b>Balance as at June 30, 2022</b>	<b>472,686</b>	<b>75,387</b>	<b>74,258</b>	<b>6,959</b>	<b>6,726,110</b>	<b>7,355,400</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 2022.

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-22</u>	<u>Jun-21</u>	<u>Mar-22</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Bond & Equities	484,337	431,218	428,650
Convertible loan notes	30,109	29,345	30,566
	<u>514,445</u>	<u>460,563</u>	<u>459,216</u>

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

#### 5. RECEIVABLES

	<u>Jun-22</u>	<u>Jun-21</u>	<u>Mar-22</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade Receivables			
Roche Diagnostics	741,921	775,078	1,020,543
Regular Trade	1,929,201	1,671,204	1,979,056
	<u>2,671,122</u>	<u>2,446,282</u>	<u>2,999,599</u>
Less: Provision for Bad Debts	(47,800)	(49,823)	(47,804)
	<u>2,623,322</u>	<u>2,396,459</u>	<u>2,951,795</u>
Other Receivables	1,096,525	804,878	994,030
	<u>3,719,847</u>	<u>3,201,337</u>	<u>3,945,825</u>

#### 6. PAYABLES

	<u>Jun-22</u>	<u>Jun-21</u>	<u>Mar-22</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade Payables			
Roche Diagnostics	622,015	196,708	652,980
Regular Trade	4,532,140	4,159,529	3,936,353
	<u>5,154,154</u>	<u>4,356,236</u>	<u>4,589,333</u>
Other Payables & Accruals	673,020	519,128	338,213
	<u>5,827,175</u>	<u>4,875,365</u>	<u>4,927,546</u>