



LASCO DISTRIBUTORS LIMITED

SECOND QUARTER

UNAUDITED FINANCIAL REPORT

SIX MONTHS ENDED

30th SEPTEMBER 2022

TABLE OF CONTENTS

Report to the Shareholders 3

Statement of Comprehensive Income 5

Statement of Financial Position 6

Statement of Cash Flows 7

Statement of Shareholders Equity 8

Notes to the Financial Statements..... 9

REPORT TO THE SHAREHOLDERS

Six months ended 30th September 2022

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

Six Month Results

LASCO Distributors Limited delivered another solid performance, driven by disciplined execution of its strategic framework, focused on re-investing in its own operations and people.

Highlights

- Revenue increased by 11.1% to \$12.9B
- Gross Profit increased by 16% to \$2.2B
- Net Profit increased by 20% to \$587M
- Cash and Short-term investments closed at \$2.57B

Revenue was \$12.9B, an increase of 11.1%, or \$1.29B over the previous year, reflecting growth in Domestic and Export markets. This was the result of increased marketing investment and promotional activity to strengthen visibility, availability, and consumer engagement.

The **Nutrition, Food and Beverage** categories delivered broad-based growth in all key channels and brands. Improvement in the company's logistics operations is also positively impacting service levels and efficiencies.

Exports continue to perform in line with aggressive growth targets and this continues to be a focus for the company.

Gross Profit increased by 16% or \$306M, to \$2.2B. Margin improvement initiatives continue to deliver positive results with **Gross Margins** improving by 80 bps to 17.3% compared to 16.5% in the previous year.

Operating Expenses were \$1.57B, an increase of 13.7% due primarily to an increase in marketing investments, however the Operating Expenses ratio to Revenue increase to 12.2% vs. 12% last year. Foreign Exchange movements negatively impacted **Other Income** during the year, when compared to the previous year.

Profit Before Tax was \$718M, an increase of 16.8%, or \$103M. **Profit After Tax** grew by 20% to \$587M, improving Net Profit Margins to 4.6% vs. 4.2% last year.

Quarter Results

Net Profit grew by 33% to \$262M. **Revenue** was \$6.6B, an increase of 13.5% over the previous year. **Gross Profit** increased by 20.8% to \$1.1B, achieving a Gross Margin of 17.4% compared to a Gross Margin of 16.3% in the previous year, an increase of 110bps.

LASCO FOOD DRINK was appointed the Official Food Drink and Nutrition Sponsor of the CPL T20 Cricket Tournament in a multi-year agreement that has reinforced the brand's credentials as the leading Nutrition brand across the Caribbean, while simultaneously increasing visibility and awareness across many international markets.

Balance Sheet

Total Assets at the end of September 2022 stood at \$13.4B, an increase of 8.4% compared to the same period last year. **Inventories** increased by \$1.2B or 37.8% to close at \$4.3B. This was driven by the need to increase safety stock levels in response to on-going supply chain disruptions. **Total Receivables** increased to \$4.2B from \$3.9B, an increase of 7.8% over the previous year.

Cash and Short-term investments taken together closed at \$2.6B compared to \$3B for the same period last year, a reduction of 14%.

Total Payables increased to \$5.5B, an increase of \$179M or 3.4% over last year.

Total Shareholders' Equity closed at \$7.6B, which was \$846M or 13% above the previous year.

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)

The company continues to provide support to students at our adopted basic schools of Gwen Neil and Collins Close, furthering our commitment to education and nation building. In July, in partnership with the LASCO Chin Foundation and the Ministry of Health, we once again honoured the country's hardworking nurses and nursing students at our annual Nurse of the Year award ceremony.

Yours sincerely,

LASCO Distributors Limited



John De Silva
Managing Director

LASCO Distributors Limited
Statement of Comprehensive Income
For six months ended September 30, 2022
(Unaudited and expressed in Thousands)

	Unaudited 3 months to 30 Sep 2022	Unaudited 3 months to 30 Sep 2021	Unaudited Year-to-date 30 Sep 2022	Unaudited Year-to-date 30 Sep 2021
	J\$'000	J\$'000	J\$'000	J\$'000
Revenue	6,603,923	5,816,674	12,860,419	11,573,688
Cost of Sales	(5,454,904)	(4,865,649)	(10,639,156)	(9,658,476)
Gross Profit	1,149,019	951,025	2,221,263	1,915,212
Other Operating Income	41,756	1,481	70,109	84,013
Operating Expenses	(853,798)	(683,313)	(1,571,830)	(1,382,999)
Operating Profit	336,977	269,193	719,542	616,226
Finance Costs	(1,117)	(907)	(1,317)	(1,164)
Profit before Taxation	335,860	268,286	718,225	615,062
Taxation	(73,614)	(71,048)	(131,090)	(125,759)
Net Profit for the period	262,246	197,238	587,135	489,303
Other Comprehensive Income:				
Items that will or may not be reclassified to Profit - Loss				
Unrealised gains on financial instruments	33,461	13,839	33,461	13,839
Total Comprehensive Income for the Period	295,707	211,077	620,596	503,142
Earnings per stock unit				
Basic and Diluted	\$ 0.07	\$ 0.06	\$ 0.17	\$ 0.14

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

	Notes	Unaudited 30 Sep 2022 \$'000	Unaudited 30 Sep 2021 \$'000	Audited 31 Mar 2022 \$'000
ASSETS:				
Non-Current Assets				
Property, Plant & Equipment		1,794,964	1,853,557	1,813,652
Intangible assets		16,509	43,504	29,667
Right-of-use assets		4,549	7,582	6,066
Financial assets at fair value through other comprehensive income	4	491,614	436,718	459,216
		<u>2,307,636</u>	<u>2,341,361</u>	<u>2,308,601</u>
Current Assets				
Inventories		4,296,729	3,119,131	3,787,487
Receivables	5	4,180,855	3,876,717	3,945,825
Related Companies		43,318	38,019	42,661
Directors Current Account		8,561	-	9,867
Taxation recoverable		6,569	2,768	4,801
Short term Investments		421,875	234,656	391,433
Cash and Cash Equivalents		2,146,809	2,759,037	1,959,307
Total Current Assets		<u>11,104,716</u>	<u>10,030,328</u>	<u>10,141,381</u>
TOTAL ASSETS		<u>13,412,352</u>	<u>12,371,689</u>	<u>12,449,982</u>
EQUITY AND LIABILITIES:				
Current Liabilities				
Payables	6	5,512,625	5,333,310	4,927,546
Bank Overdraft		6,511	18,264	-
Taxation Payable		171,505	173,812	131,046
Short term Loans		27,443	-	-
Current Portion of Lease Liability		3,144	3,113	3,204
Total Current Liabilities		<u>5,721,227</u>	<u>5,528,499</u>	<u>5,061,796</u>
Non-Current Liabilities				
Lease Liability		1,855	4,998	3,396
Deferred Tax Liability		96,393	90,819	96,545
Total Non-Current Liabilities		<u>98,248</u>	<u>95,817</u>	<u>99,941</u>
Shareholders' Equity				
Share Capital		472,686	472,686	472,686
Revaluation reserves		75,387	75,387	75,387
Fair value reserves		49,488	2,281	16,027
Other reserves		6,959	6,959	6,959
Retained Earnings		6,988,357	6,190,060	6,717,186
Total Shareholders' Equity		<u>7,592,877</u>	<u>6,747,373</u>	<u>7,288,245</u>
TOTAL EQUITY AND LIABILITIES		<u>13,412,352</u>	<u>12,371,689</u>	<u>12,449,982</u>

Approved for issue by the Board of Directors on November 2, 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 six months ended September 30, 2022

	Unaudited 30 Sep 2022 J\$'000	Unaudited 30 Sep 2021 J\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit	587,135	489,303
Items not affecting cash		
Unrealized exchange loss on foreign balances	(4,203)	40,443
Depreciation	77,720	78,961
Interest Income	(9,351)	(8,895)
Interest Expense	1,317	1,164
Items not affecting cash	65,483	111,673
Change in Operating Assets and Liabilities		
Inventories	(509,242)	(205,513)
Receivables	(231,254)	(662,606)
Directors current account	1,306	-
Related companies	(657)	(9,931)
Taxation	37,212	74,489
Payables	587,895	1,196,606
Changes in non-cash working capital components	(114,740)	393,045
Cash provided by Operating Activities	537,878	994,021
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	9,351	8,895
Short term Investments	(30,442)	(3,375)
Acquisition of Property, Plant & Equipment & Intangible Assets	(44,356)	(34,098)
Depreciation		
Lease Liability	(1,602)	(1,511)
Acquisition of Financial assets at fair value through other comprehensive income	(1)	(677)
Net Cash used in Investing Activities	(67,050)	(30,766)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest Paid	(1,317)	(1,164)
Loan Paid	27,443	(13,333)
Dividend paid	(315,963)	(228,196)
Cash used in Financing Activities	(289,837)	(242,693)
NET CHANGE IN CASH AND CASH EQUIVALENTS	180,991	720,562
Cash and cash equivalents at the beginning of the period	1,959,307	2,020,211
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2,140,298	2,740,773

LASCO Distributors Limited
Statement of Changes in Shareholders' Equity
as at September 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	489,303	489,303
Other Comprehensive Income	0	0	13,839	0	0	13,839
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	(228,196)	(228,196)
Balance as at Sep 30, 2021	472,686	75,387	2,281	6,959	6,190,060	6,747,373
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	587,135	587,135
Other Comprehensive Income	0	0	33,461	0	0	33,461
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)
Balance as at September 30, 2022	472,686	75,387	49,488	6,959	6,988,357	7,592,877

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

	Sep-22 \$'000	Sep-21 \$'000	Mar-22 \$'000
Bond & Equities	461,210	407,449	428,650
Convertible loan notes	30,404	29,269	30,566
	491,614	436,718	459,216

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

5. RECEIVABLES

	Sep-22 \$'000	Sep-21 \$'000	Mar-22 \$'000
Trade Receivables			
Roche Diagnostics	742,049	1,283,429	1,020,543
Regular Trade	2,247,346	1,800,835	1,979,056
	2,989,395	3,084,264	2,999,599
Less: Provision for Bad Debts	(47,799)	(49,822)	(47,804)
	2,941,596	3,034,442	2,951,795
Other Receivables	1,239,259	842,275	994,030
	4,180,855	3,876,717	3,945,825

6. PAYABLES

	Sep-22 \$'000	Sep-21 \$'000	Mar-22 \$'000
Trade Payables			
Roche Diagnostics	623,893	1,004,263	652,980
Regular Trade	3,861,550	3,867,702	3,936,353
	4,485,443	4,871,964	4,589,333
Other Payables & Accruals	1,027,182	461,346	338,213
	5,512,625	5,333,310	4,927,546