



LASCO DISTRIBUTORS LIMITED

THIRD QUARTER

UNAUDITED FINANCIAL REPORT

NINE MONTHS ENDED

31st DECEMBER 2022

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REPORT TO THE SHAREHOLDERS

Nine months ended 31st December 2022

The Board of Directors of LASCO Distributors Limited is pleased to present the unaudited results for the nine months ended December 31st, 2022.

Nine Month's Results

The LASCO Distributors Limited team continues its disciplined execution of the company's strategic framework, delivering double digit top and bottom line growth for the nine month period ended 31st December, 2022.

Highlights

- Net Profit increased by 20% to \$930M
- Revenue increased by 13.1% to \$19.64B
- Gross Margins increased by 60 basis points to 17.4%
- Gross Profit up by 17% to \$3.41B
- Portfolio transformation initiatives continue to accelerate.

Revenue was \$19.64B, an increase of 13.1%, or \$2.27B over the previous year, a result of growth in both the Domestic and Export markets. The company continues to invest in brand building and promotional activities while continuously increasing its distribution reach. New product launches including nutrition beverages, snacks, and DIY home repair are margin accretive and provide a platform for accelerated growth in the near-term.

The **Nutrition, Food and Beverage and Home and Personal Care** categories achieved growth in all key channels. The sugar reduced offerings in the LASCO FOOD DRINK and ICOOL ranges continue to perform extremely well, growing ahead of their respective category averages.

The focus on **Exports** continues to deliver above company average growth, in line with the company's strategic objectives.

Gross Profit increased by 17% or \$494M, to \$3.41B, driven by Revenue growth and Gross Margin improvement by 60 basis points to 17.4%. This was the result of above accelerated growth of higher margin products and a strategic shift into higher margin channels.

Operating Expenses were \$2.37B, an increase of 11.2% due primarily to an increase in marketing investments, however the Operating Expenses ratio to Revenue decreased to 12.1% vs. 12.3% last year. Foreign Exchange losses of \$25M were incurred for the period.

Profit Before Tax was \$1.18B, an increase of 20%, or \$198M. Profit After Tax grew by 20% to \$930M, improving Net Profit Margins to 4.7% vs. 4.5% last year.

Quarter Results

Net Profit grew by 20% to \$343M. Revenue was \$6.78B, an increase of 17.1% over the previous year. Gross Profit increased by 19% to \$1.19B, achieving a Gross Margin of 17.5% compared to a Gross Margin of 17.3% in the previous year.

Balance Sheet

Total Assets at the end of December 2022 stood at \$12.5B, an increase of 7.3% compared to the same period last year. **Inventories** increased by \$1.1B or 33.5% to close at \$4.4B. This was driven by the need to increase safety stock levels in response to on-going supply chain disruptions. **Total Receivables** increased to \$3.9B from \$3.4B, an increase of 12.9% over the previous year.

Cash and Short-term investments taken together closed at \$1.8B compared to \$2.5B for the same period last year, a reduction of 28.7%.

Total Payables closed the period at \$4.3B for both the 2022 and 2021 periods.

Total Shareholders' Equity closed at \$7.8B, which was \$865M or 12.3% 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 annual Police Week celebrations were held in November 2022, and this included a luncheon and gift bags for the children of fallen officers. The JCF Long Service Awards were also held where over 100 well deserving members of the JCF received awards for 18-23 years of service, 24-29 years of service and 30 or more years of service.

The Nurses Association of Jamaica was out in full force on November 26, 2022, at the Nurses Orange Day Walk held at Percy Junior Hospital to once again, walk in support of stopping violence against women and children.

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.

Yours sincerely,
LASCO Distributors Limited



John De Silva
Managing Director

LASCO Distributors Limited

Statement of Comprehensive Income

For nine months ended December 31, 2022

(Unaudited and expressed in Thousands)

	Unaudited 3 months to 31 Dec 2022	Unaudited 3 months to 31 Dec 2021	Unaudited Year-to-date 31 Dec 2022	Unaudited Year-to-date 31 Dec 2021
	J\$'000	J\$'000	J\$'000	J\$'000
Revenue	6,780,464	5,791,873	19,640,883	17,365,561
Cost of Sales	<u>(5,590,667)</u>	<u>(4,790,123)</u>	<u>(16,229,823)</u>	<u>(14,448,598)</u>
Gross Profit	1,189,797	1,001,750	3,411,060	2,916,963
Other Operating Income	91,123	112,574	161,233	196,585
Operating Expenses	<u>(800,212)</u>	<u>(751,368)</u>	<u>(2,372,042)</u>	<u>(2,134,367)</u>
Operating Profit	480,708	362,956	1,200,251	979,181
Finance Costs	<u>(23,399)</u>	<u>(358)</u>	<u>(24,716)</u>	<u>(1,522)</u>
Profit before Taxation	457,309	362,598	1,175,535	977,659
Taxation	<u>(114,334)</u>	<u>(76,697)</u>	<u>(245,424)</u>	<u>(202,456)</u>
Net Profit for the period	342,975	285,901	930,111	775,203
Other Comprehensive Income:				
Items that will or may not be reclassified to Profit - Loss				
Unrealised gains on financial instruments	<u>(2,629)</u>	15,225	33,461	15,225
Total Comprehensive Income for the Period	340,346	301,126	963,572	790,428
Earnings per stock unit				
Basic and Diluted	\$ 0.09	\$ 0.08	\$ 0.27	\$ 0.22

LASCO Distributors Limited
Statement of Financial Position
as at December 31, 2022

	Notes	Unaudited 31 Dec 2022 \$'000	Unaudited 31 Dec 2021 \$'000	Audited 31 Mar 2022 \$'000
ASSETS:				
Non-Current Assets				
Property, Plant & Equipment		1,859,887	1,836,894	1,813,652
Intangible assets		9,929	36,518	29,667
Right-of-use assets		3,791	6,824	6,066
Financial assets at fair value through other comprehensive income	4	454,118	448,263	459,216
		<u>2,327,725</u>	<u>2,328,499</u>	<u>2,308,601</u>
Current Assets				
Inventories		4,396,279	3,293,472	3,787,487
Receivables	5	3,916,455	3,470,132	3,945,825
Related Companies		59,009	49,926	42,661
Directors Current Account		8,068	-	9,867
Taxation recoverable		7,966	3,802	4,801
Short term Investments		575,768	235,358	391,433
Cash and Cash Equivalents		1,210,223	2,269,431	1,959,307
Total Current Assets		<u>10,173,768</u>	<u>9,322,121</u>	<u>10,141,381</u>
TOTAL ASSETS		<u>12,501,493</u>	<u>11,650,620</u>	<u>12,449,982</u>
EQUITY AND LIABILITIES:				
Current Liabilities				
Payables	6	4,278,493	4,284,644	4,927,546
Bank Overdraft		-	7,426	-
Taxation Payable		208,999	212,731	131,046
Short term Loans		9,217	-	-
Current Portion of Lease Liability		3,144	3,143	3,204
Total Current Liabilities		<u>4,499,853</u>	<u>4,507,944</u>	<u>5,061,796</u>
Non-Current Liabilities				
Lease Liability		1,054	4,212	3,396
Deferred Tax Liability		100,823	103,804	96,545
Total Non-Current Liabilities		<u>101,877</u>	<u>108,016</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		13,398	3,667	16,027
Other reserves		6,959	6,959	6,959
Retained Earnings		7,331,333	6,475,961	6,717,186
Total Shareholders' Equity		<u>7,899,763</u>	<u>7,034,660</u>	<u>7,288,245</u>
TOTAL EQUITY AND LIABILITIES		<u>12,501,493</u>	<u>11,650,620</u>	<u>12,449,982</u>

Approved for issue by the Board of Directors on February 7, 2023, 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, 2022

	Unaudited 31 Dec 2022 J\$'000	Unaudited 31 Dec 2021 J\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit	930,111	775,203
Items not affecting cash		
Unrealized exchange loss on foreign balances	32,866	(58,753)
Loss on Disposal of PPE	0	(4)
Depreciation	118,454	117,972
Interest Income	(14,952)	(13,200)
Interest Expense	1,849	1,522
Items not affecting cash	138,217	47,537
Change in Operating Assets and Liabilities		
Inventories	(608,792)	(379,853)
Receivables	5,996	(197,170)
Directors current account	1,799	-
Related companies	(16,348)	(21,838)
Taxation	79,067	125,359
Payables	(656,023)	178,142
Changes in non-cash working capital components	(1,194,301)	(295,360)
Cash provided by Operating Activities	(125,973)	527,380
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	14,952	13,200
Short term Investments	(184,336)	(4,077)
Acquisition of Property, Plant & Equipment & Intangible Assets	(142,677)	(48,703)
Loss on Disposal of PPE	0	4
Depreciation		
Lease Liability	(2,403)	(2,267)
Acquisition of Financial assets at fair value through other comprehensive income	(53)	(692)
Net Cash used in Investing Activities	(314,517)	(42,535)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest Paid	(1,849)	(1,522)
Loan Paid	9,217	(13,333)
Dividend paid	(315,963)	(228,196)
Cash used in Financing Activities	(308,595)	(243,051)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(749,085)	241,794
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	1,210,222	2,262,005

LASCO Distributors Limited

Statement of Changes in Shareholders' Equity

as at Dec 31, 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	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)
Balance as at Dec 31, 2021	472,686	75,387	3,667	6,959	6,475,961	7,034,660
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	930,111	930,111
Other Comprehensive Income	0	0	(2,629)	0	0	(2,629)
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 Dec 31, 2022	472,686	75,387	13,398	6,959	7,331,333	7,899,763

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>Dec-22</u>	<u>Dec-21</u>	<u>Mar-22</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Bond & Equities	423,865	421,305	428,650
Convertible loan notes	30,253	26,958	30,566
	<u>454,118</u>	<u>448,263</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>Dec-22</u>	<u>Dec-21</u>	<u>Mar-22</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade Receivables			
Roche Diagnostics	553,925	908,489	1,020,543
Regular Trade	2,210,504	1,663,564	1,979,056
	<u>2,764,429</u>	<u>2,572,053</u>	<u>2,999,599</u>
Less: Provision for Bad Debts	<u>(47,821)</u>	<u>(49,154)</u>	<u>(47,804)</u>
	<u>2,716,608</u>	<u>2,522,899</u>	<u>2,951,795</u>
Other Receivables	1,199,847	947,233	994,030
	<u>3,916,455</u>	<u>3,470,132</u>	<u>3,945,825</u>

6. PAYABLES

	<u>Dec-22</u>	<u>Dec-21</u>	<u>Mar-22</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade Payables			
Roche Diagnostics	418,934	1,004,263	652,980
Regular Trade	3,405,502	2,804,838	3,936,353
	<u>3,824,436</u>	<u>3,809,101</u>	<u>4,589,333</u>
Other Payables & Accruals	454,057	475,543	338,213
	<u>4,278,493</u>	<u>4,284,644</u>	<u>4,927,546</u>