



**LASCO DISTRIBUTORS LIMITED**

**SECOND QUARTER**

**UNAUDITED FINANCIAL REPORT**

**SIX MONTHS ENDED**

**30<sup>th</sup> SEPTEMBER 2023**

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## **REPORT TO THE SHAREHOLDERS**

### **Six Months ended 30th September 2023**

#### **Six Months Results**

LASCO Distributors Limited delivered solid results for the six months ended 30<sup>th</sup> September 2023, driven by disciplined execution of its strategic framework, focused on nutrition, hygiene and healthcare.

#### **Highlights**

- Net Profit increased by 35.0% to \$793M
- Revenue increased by 13.1% to \$14.54B
- Gross Profit up by 18.8% to \$2.6B
- Earnings per share (Basic) increased by 29.4% to \$0.22
- Return on Equity increased to 19.3%

**Total Company Revenue** improved by 13.1%, reaching a total of \$14.54 billion, marking a \$1.68 billion increase over the previous year. This performance builds on the previous year's results, achieving growth across all key categories. The company continues to increase its marketing activities while expanding its distribution capabilities.

The **Nutrition, Food and Beverage** categories continued to perform well with core brands achieving growth through a balanced mix of volumes and pricing. New products were introduced in the beverages portfolio, contributing positively to this category's performance.

In the **Hygiene (Home Care and Personal Care)** category, our portfolio transformation initiatives are fully underway, with a focus on margin accretive brands. Supply disruptions impacted the performance of certain categories, but overall growth was achieved in the high priority categories.

The **Healthcare** (Pharmaceutical) business experienced some supply chain challenges, which impacted growth, but the strategic focus on improving margins delivered positive results.

**Gross Profit** increased by 18.8% or \$417.5M, to \$2.6B, and margins increased from 17.3% to 18.1% as a result of cost improvements and product mix management.

**Operating Expenses** were \$1.75B, an increase of 11.5%, driven mainly by an increase in Sales, Promotional and Marketing investments, and increased insurance premiums. The Operating Expense ratio was 12.1% of Revenue, and 10bps below the previous year.

**Profit Before Tax** was \$997M, an increase of 38.8%, or \$279M. **Net Profit** was \$793M, an increase of 35%, or \$206M, over the prior year.

### Quarter Results

**Net Profit** grew by 32% to \$345M. Revenue was \$7.2B, an increase of 9.5% over the previous year. Gross Profit increased by 13.1% to \$1.3B, achieving a Gross Margin of 18.1% compared to a Gross Margin of 17.3% in the previous year.

### Balance Sheet

**Total Assets** at 30th September, 2023 stood at \$14.45B, an increase of 7.7% compared to the same period last year. **Inventories** decreased by \$562.7M or 13.1% to close at \$3.73B.

**Receivables** increased by 16.4% to \$4.9B, compared to the previous year.

**Cash and Short-term investments** together closed at \$3.26B, an increase of 26.7% or \$686.4M over the same period last year.

**Payables** closed the quarter at \$5.2B, a reduction of 5.3% over last year. **Shareholders' Equity** closed at \$8.9B, an increase of \$1.3B or 16.7% above the previous year. The company continues to be debt-free and delivered a Return on Equity of 19.3%. **Dividend Payment** An interim dividend of \$0.10 per share totaling \$352M was paid on July 14, 2023, to shareholders on record at the close of business on June 30, 2023.



## **Corporate Social Responsibility**

During the period April to June 2023, LASCO was deeply involved in various corporate social responsibility initiatives aimed at creating a positive impact within our community. Notably, we proudly sponsored International Nurses Day on May 12th, which took place at the Terra Nova Hotel. This event brought together over 150 nurses and nursing students from different regions, fostering knowledge exchange and celebrating their invaluable contributions to the healthcare sector.

July 16th to 21st, 2023, LASCO supported Nurses Week in Jamaica, emphasizing the theme "Our Nurses. Our Future." The week included events such as a summer school session for knowledge-sharing among nurses and a Founder's Day luncheon to honor retiring nurses. The highlight was the LASCO/NAJ Nurse and Nursing Student of the Year Awards ceremony on July 21st. This period celebrated the significant contributions of Jamaican nurses, with the LASCO Chin Foundation's support being instrumental in the success of these events.

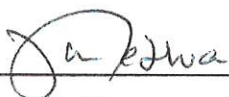
## **Outlook**

The Company will continue to closely monitor the impact of recent geopolitical events on our operating environment, while being cognizant of the macroeconomic forecasts for the domestic market and region. Despite the expected headwinds, we will continue our growth-focused marketing activities, in line with our strategic framework, while fully leveraging our recent investments in technology to continuously improve operational efficiencies.

The Board of Directors would like to express gratitude to all stakeholders, our committed and capable team members, and loyal customers, for their support.

Yours sincerely,

**LASCO Distributors Limited**



John De Silva

**Managing Director**

**LASCO Distributors Limited**

## Statement of Comprehensive Income

For six months ended September 30, 2023

*(Unaudited and expressed in Thousands)*

|   | Unaudited<br>3 months to<br>30 Sep 2023 | Unaudited<br>3 months to<br>30 Sep 2022 | Unaudited<br>Year-to-date<br>30 Sep 2023 | Unaudited<br>Year-to-date<br>30 Sep 2022 |
|---|---|---|--|--|
|   | J\$'000                                 | J\$'000                                 | J\$'000                                  | J\$'000                                  |
| Revenue   | 7,230,198                               | 6,603,923                               | 14,544,970                               | 12,860,419                               |
| Cost of Sales   | (5,931,063)                             | (5,454,904)                             | (11,906,199)                             | (10,639,156)                             |
| <b>Gross Profit</b>   | <b>1,299,135</b>                        | <b>1,149,019</b>                        | <b>2,638,771</b>                         | <b>2,221,263</b>                         |
| Other Operating Income  | 43,490                                  | 41,756                                  | 112,125                                  | 70,109                                   |
| Operating Expenses  | (947,433)                               | (853,798)                               | (1,753,605)                              | (1,571,830)                              |
| <b>Operating Profit</b>   | <b>395,192</b>                          | <b>336,977</b>                          | <b>997,291</b>                           | <b>719,542</b>                           |
| Finance Costs   | (137)                                   | (1,117)                                 | (251)                                    | (1,317)                                  |
| <b>Profit before Taxation</b>   | <b>395,055</b>                          | <b>335,860</b>                          | <b>997,040</b>                           | <b>718,225</b>                           |
| Taxation  | (49,903)                                | (73,614)                                | (204,307)                                | (131,090)                                |
| <b>Net Profit for the period</b>  | <b>345,152</b>                          | <b>262,246</b>                          | <b>792,733</b>                           | <b>587,135</b>                           |
| Other Comprehensive Income:<br>Items that will or may not be<br>reclassified to Profit - Loss |   |   |  |  |
| Unrealised gains on financial instruments   | 3,999                                   | 33,461                                  | 3,999                                    | 33,461                                   |
| <b>Total Comprehensive Income<br/>for the Period</b>  | <b>349,151</b>                          | <b>295,707</b>                          | <b>796,732</b>                           | <b>620,596</b>                           |
| Earnings per stock unit   |   |   |  |  |
| Basic and Diluted   | \$ 0.10                                 | \$ 0.07                                 | \$ 0.22                                  | \$ 0.17                                  |

LASCO Distributors Limited  
Statement of Financial Position  
as at September 30, 2023  
(Unaudited and expressed in Thousands)

|   | Notes | Unaudited<br>30 Sep 2023<br>\$'000 | Unaudited<br>30 Sep 2022<br>\$'000 | Audited<br>31 Mar 2023<br>\$'000 |
|---|-------|------------------------------------|------------------------------------|----------------------------------|
| <b>ASSETS:</b>  |       |                                    |                                    |                                  |
| <b>Non-Current Assets</b>   |       |                                    |                                    |                                  |
| Property, Plant & Equipment                                       |       | 1,963,539                          | 1,794,964                          | 1,932,509                        |
| Intangible assets   |       | 7,736                              | 16,509                             | 7,736                            |
| Right-of-use assets   |       | 1,516                              | 4,549                              | 3,033                            |
| Financial assets at fair value through other comprehensive income | 4     | 517,582                            | 491,614                            | 504,052                          |
|   |       | <u>2,490,373</u>                   | <u>2,307,636</u>                   | <u>2,447,330</u>                 |
| <b>Current Assets</b>   |       |                                    |                                    |                                  |
| Inventories   |       | 3,734,059                          | 4,296,729                          | 4,469,208                        |
| Receivables   | 5     | 4,866,223                          | 4,180,855                          | 3,579,728                        |
| Related Companies   |       | 74,024                             | 43,318                             | 51,295                           |
| Directors Current Account   |       | 17,916                             | 8,561                              | 19,521                           |
| Taxation recoverable  |       | 13,141                             | 6,569                              | 6,259                            |
| Short term Investments  |       | 596,740                            | 421,875                            | 551,240                          |
| Cash and Cash Equivalents   |       | 2,658,369                          | 2,146,809                          | 2,253,277                        |
| <b>Total Current Assets</b>                                       |       | <u>11,960,472</u>                  | <u>11,104,716</u>                  | <u>10,930,528</u>                |
| <b>TOTAL ASSETS</b>   |       | <u>14,450,845</u>                  | <u>13,412,352</u>                  | <u>13,377,858</u>                |
| <b>EQUITY AND LIABILITIES:</b>                                    |       |                                    |                                    |                                  |
| <b>Current Liabilities</b>  |       |                                    |                                    |                                  |
| Payables  | 6     | 5,218,754                          | 5,512,625                          | 4,686,876                        |
| Bank Overdraft  |       | 0                                  | 6,511                              | 0                                |
| Taxation Payable  |       | 306,262                            | 171,505                            | 226,524                          |
| Short term Loans  |       | 0                                  | 27,443                             | 0                                |
| Current Portion of Lease Liability                                |       | 1,698                              | 3,144                              | 3,396                            |
| <b>Total Current Liabilities</b>                                  |       | <u>5,526,714</u>                   | <u>5,721,228</u>                   | <u>4,916,796</u>                 |
| <b>Non-Current Liabilities</b>                                    |       |                                    |                                    |                                  |
| Lease Liability   |       | 0                                  | 1,855                              | 0                                |
| Deferred Tax Liability  |       | 66,082                             | 96,393                             | 47,174                           |
| <b>Total Non-Current Liabilities</b>                              |       | <u>66,082</u>                      | <u>98,248</u>                      | <u>47,174</u>                    |
| <b>Shareholders' Equity</b>                                       |       |                                    |                                    |                                  |
| Share Capital   | 7     | 513,186                            | 472,686                            | 513,186                          |
| Revaluation reserves  |       | 75,386                             | 75,386                             | 75,387                           |
| Fair value reserves   |       | 65,054                             | 49,488                             | 61,055                           |
| Other reserves  |       | 0                                  | 6,959                              | 0                                |
| Retained Earnings   |       | 8,204,423                          | 6,988,357                          | 7,764,260                        |
| <b>Total Shareholders' Equity</b>                                 |       | <u>8,858,049</u>                   | <u>7,592,876</u>                   | <u>8,413,888</u>                 |
| <b>TOTAL EQUITY AND LIABILITIES</b>                               |       | <u>14,450,845</u>                  | <u>13,412,352</u>                  | <u>13,377,858</u>                |

Approved for issue by the Board of Directors on November 7, 2023, and signed on its behalf by:

James E.D Rawle C.D  
Executive Chairman

John De Silva  
Managing Director

**LASCO Distributors Limited**  
**Statement of Cashflows**  
For six months ended September 30, 2023  
(Unaudited and expressed in Thousands)

|  | Unaudited<br>30 Sep 2023<br>J\$'000 | Unaudited<br>30 Sep 2022<br>J\$'000 |
|--|-------------------------------------|-------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                      |                                     |                                     |
| Net Profit   | 792,733                             | 587,135                             |
| Items not affecting cash   |                                     |                                     |
| Unrealized exchange loss on foreign balances                                     | (40,618)                            | (4,203)                             |
| Depreciation   | 61,778                              | 77,720                              |
| Interest Income  | (30,125)                            | (9,351)                             |
| Interest Expense   | 251                                 | 1,317                               |
| <b>Items not affecting cash</b>  | <b>(8,714)</b>                      | <b>65,483</b>                       |
| <b>Change in Operating Assets and Liabilities</b>                                |                                     |                                     |
| Inventories  | 735,149                             | (509,242)                           |
| Receivables  | (1,264,098)                         | (231,254)                           |
| Directors current account  | 1,605                               | 1,306                               |
| Related companies  | (22,729)                            | (657)                               |
| Taxation   | 91,762                              | 37,212                              |
| Payables   | 540,567                             | 587,895                             |
| <b>Changes in non-cash working capital components</b>                            | <b>82,256</b>                       | <b>(114,740)</b>                    |
| <b>Cash provided by Operating Activities</b>                                     | <b>866,275</b>                      | <b>537,878</b>                      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                      |                                     |                                     |
| Interest Received  | 30,125                              | 9,351                               |
| Short term Investments   | (45,500)                            | (30,442)                            |
| Acquisition of Property, Plant & Equipment & Intangible Assets                   | (91,290)                            | (44,356)                            |
| Depreciation   |                                     |                                     |
| Lease Liability  | (1,698)                             | (1,602)                             |
| Acquisition of Financial assets at fair value through other comprehensive income | 1                                   | (1)                                 |
| <b>Net Cash used in Investing Activities</b>                                     | <b>(108,362)</b>                    | <b>(67,050)</b>                     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                      |                                     |                                     |
| Interest Paid  | (251)                               | (1,317)                             |
| Loan Paid  | 0                                   | 27,443                              |
| Dividend paid  | (352,570)                           | (315,963)                           |
| <b>Cash used in Financing Activities</b>   | <b>(352,821)</b>                    | <b>(289,837)</b>                    |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>                                   | <b>405,092</b>                      | <b>180,991</b>                      |
| Cash and cash equivalents at the beginning of the period                         | 2,253,277                           | 1,959,307                           |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>                        | <b>2,658,369</b>                    | <b>2,140,298</b>                    |



**LASCO Distributors Limited****Statement of Changes in Shareholders' Equity**

For six months ended September 30, 2023

*(Unaudited and expressed in Thousands)*

|   | Share<br>Capital | Revaluation<br>Reserve | Fair Value<br>Reserve | Other<br>Reserve | Retained<br>Earnings | Total            |
|---|------------------|------------------------|-----------------------|------------------|----------------------|------------------|
|   | \$'000           | \$'000                 | \$'000                | \$'000           | \$'000               | \$'000           |
| 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)        |
| <b>Balance as at September 30, 2022</b> | <b>472,686</b>   | <b>75,387</b>          | <b>49,488</b>         | <b>6,959</b>     | <b>6,988,357</b>     | <b>7,592,877</b> |
| Balance at 1 April 2023                 | 513,186          | 75,386                 | 61,055                | 0                | 7,764,260            | 8,413,887        |
| Current year profits                    | 0                | 0                      | 0                     | 0                | 792,733              | 792,733          |
| Other Comprehensive Income              | 0                | 0                      | 3,999                 | 0                | 0                    | 3,999            |
| 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                | (352,570)            | (352,570)        |
| <b>Balance as at September 30, 2023</b> | <b>513,186</b>   | <b>75,386</b>          | <b>65,054</b>         | <b>0</b>         | <b>8,204,422</b>     | <b>8,858,048</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 2023.

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-23<br>\$'000 | Sep-22<br>\$'000 | Mar-23<br>\$'000 |
|------------------------|------------------|------------------|------------------|
| Bond & Equities        | 517,582          | 461,210          | 504,052          |
| Convertible loan notes | 0                | 30,404           | 0                |
|                        | <u>517,582</u>   | <u>491,614</u>   | <u>504,052</u>   |

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

#### 5. RECEIVABLES

|                               | Sep-23<br>\$'000 | Sep-22<br>\$'000 | Mar-23<br>\$'000 |
|-------------------------------|------------------|------------------|------------------|
| Trade Receivables             |                  |                  |                  |
| Roche Diagnostics             | 643,327          | 742,049          | 581,910          |
| Regular Trade                 | 2,547,866        | 2,247,346        | 2,087,615        |
|                               | <u>3,191,193</u> | <u>2,989,395</u> | <u>2,669,525</u> |
| Less: Provision for Bad Debts | (57,269)         | (47,799)         | (57,300)         |
|                               | <u>3,133,924</u> | <u>2,941,596</u> | <u>2,612,225</u> |
| Other Receivables             | 1,732,299        | 1,239,259        | 967,503          |
|                               | <u>4,866,223</u> | <u>4,180,855</u> | <u>3,579,728</u> |

#### 6. PAYABLES

|                           | Sep-23<br>\$'000 | Sep-22<br>\$'000 | Mar-23<br>\$'000 |
|---------------------------|------------------|------------------|------------------|
| Trade Payables            |                  |                  |                  |
| Roche Diagnostics         | 424,808          | 623,893          | 721,100          |
| Regular Trade             | 4,142,783        | 3,861,550        | 3,568,956        |
|                           | <u>4,567,591</u> | <u>4,485,443</u> | <u>4,290,056</u> |
| Other Payables & Accruals | 651,163          | 1,027,182        | 396,820          |
|                           | <u>5,218,754</u> | <u>5,512,625</u> | <u>4,686,876</u> |



## 7. SHARE CAPITAL

|  | <u>Sep-23</u>  | <u>Sep-22</u>  | <u>Mar-23</u>  |
|--|----------------|----------------|----------------|
|  | <u>\$'000</u>  | <u>\$'000</u>  | <u>\$'000</u>  |
| Authorised -<br>3,630,000,000 ordinary shares of<br>no par value   |                |                |                |
| Stated capital –<br>Issued and fully paid –<br>3,525,702,702 (Jun 2022 –<br>3,510,702,702 & Mar 2023 –<br>3,525,702,702) |                |                |                |
| ordinary shares of no par value  | <u>513,186</u> | <u>472,686</u> | <u>513,186</u> |