



**LASCO DISTRIBUTORS LIMITED**

**THIRD QUARTER**

**UNAUDITED FINANCIAL REPORT**

**NINE MONTHS ENDED**

**31<sup>ST</sup> DECEMBER 2023**

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## REPORT TO THE SHAREHOLDERS

### Nine months ended 31<sup>st</sup> December 2023

#### Nine Months Results

LASCO Distributors Limited delivered solid results for the nine-month period ended 31<sup>st</sup> December 2023, driven by disciplined execution of its strategic framework and a continued focus on consistent and sustainable value creation.

#### Highlights

- Net Profit increased by 28.7% to \$1.2B
- Revenue increased by 11.3% to \$21.86B
- Gross Profit increased by 16.2% to \$3.96B
- Earnings per share (Basic) increased by 25.9% to \$0.34
- Return on Equity of 18.6%

**Total Company Revenue** grew by 11.3% to \$21.86B, an increase of \$2.22B over the previous year. Growth was achieved across all channels and was led by core brands, which continue to perform well.

The **Nutrition, Food and Beverage** categories delivered solid growth and the company continues to invest in consumer-focused marketing activities, supported by strong go-to-market operations. We have seen the benefits of some recently executed packaging redesigns and additions to the Children's Nutrition portfolio have also achieved strong results.

In the **Hygiene (Home Care and Personal Care)** category, portfolio transformation remains the top priority, with a clear focus on continued margin improvement as we assess and improve sourcing, packaging and cost, to deliver sustainable profitable growth.

The **Healthcare (Pharmaceutical)** business experienced continued supply chain challenges which impacted the topline, but the expectation is that this situation will improve in the fourth quarter.

**Gross Profit** increased by 16.2% or \$551M, to \$3.96B, and margins increased from 17.4% to 18.1% as a result of operational efficiency improvements and deliberate sales mix decisions.

**Operating Expenses** were \$2.66B, an increase of 12.3%, driven mainly by increases in sales and promotional investments and certain structural costs including security and insurance premiums. The Operating Expense ratio was 12.2% of Revenue, 10bps above the previous year.

**Profit Before Tax** was \$1.51B, an increase of 28.1%, or \$331M. **Net Profit** was \$1.2B, an increase of 28.7%, or \$267M, over the prior year.

### Quarter Results

**Net Profit** grew by 17.9% to \$404M. Revenue was \$7.31B, an increase of 7.9% over the previous year. Gross Profit increased by 11.3% to \$1.32B, achieving a Gross Margin of 18.1% compared to a Gross Margin of 17.5% in the previous year.

### Balance Sheet

**Total Assets** at 31<sup>st</sup> December, 2023 stood at \$14.9B, an increase of 19.0% compared to the same period last year. **Inventories** decreased by \$239M or 5.4% to close at \$4.2B. **Receivables** increased by 27.6% to \$4.9B, compared to the previous year.

**Cash and Short-term investments** together closed at \$3.1B, an increase of 74.6% or \$1.3B over the same period last year as a result of disciplined working capital management.

**Payables** closed the quarter at \$5.2B, an increase of 22.2% over last year. **Shareholders' Equity** closed at \$9.25B, an increase of \$1.35B or 17.1% above the previous year. The company continues to be debt-free and delivered a Return on Equity of 18.6%. An interim **Dividend Payment** 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

July 16th to 21st, 2023, LASCO supported Nurses Week in Jamaica, emphasizing the theme "Our Nurses. Our Future." This period celebrated the significant contributions of Jamaican nurses, with the LASCO Chin Foundation's support being instrumental in the success of these events.

The LASCO REAP Program, a 12-year initiative fostering environmental awareness and education across 41 schools, successfully concluded its 2022-2023 edition. The program aims to inspire students on sustainable practices, culminating in a celebratory event on October 27, 2023.

On October 20, 2023, the LASCO/Jamaica Constabulary Force (JCF) Police of the Year Award paid tribute to 156 officers for their exceptional service and commitment to Jamaica and its communities, emphasizing excellence in people, quality, and technology.

LASCO continued its support to the adopted Gwen Neil Basic School, providing gifts and treats during the Christmas season, along with continued nutritional support by supplying breakfast items for the October to December 2023 quarter.


## Outlook

Management is closely monitoring the impact of rapidly evolving geopolitical conditions on our operating environment as well as local conditions that impact consumer decisions. We will continue to make the necessary tactical decisions to navigate these headwinds in the short-term while adhering to our well-established strategic framework over the long-term.

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**



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**John De Silva**

Managing Director

**LASCO Distributors Limited**

## Statement of Comprehensive Income

For nine months ended December 31, 2023

*(Unaudited and expressed in Thousands)*

	<b>Unaudited 3 months to 31 Dec 2023</b>	<b>Unaudited 3 months to 31 Dec 2022</b>	<b>Unaudited Year-to-date 31 Dec 2023</b>	<b>Unaudited Year-to-date 31 Dec 2022</b>
	<b>J\$'000</b>	<b>J\$'000</b>	<b>J\$'000</b>	<b>J\$'000</b>
Revenue	7,314,031	6,780,464	21,859,001	19,640,883
Cost of Sales	(5,990,353)	(5,590,667)	(17,896,553)	(16,229,823)
<b>Gross Profit</b>	<b>1,323,678</b>	<b>1,189,797</b>	<b>3,962,448</b>	<b>3,411,060</b>
Other Operating Income	94,597	91,123	206,722	161,233
Operating Expenses	(908,969)	(800,212)	(2,662,574)	(2,372,042)
<b>Operating Profit</b>	<b>509,306</b>	<b>480,708</b>	<b>1,506,596</b>	<b>1,200,251</b>
Finance Costs	(122)	(23,399)	(372)	(24,716)
<b>Profit before Taxation</b>	<b>509,184</b>	<b>457,309</b>	<b>1,506,224</b>	<b>1,175,535</b>
Taxation	(104,808)	(114,334)	(309,115)	(245,424)
<b>Net Profit for the period</b>	<b>404,376</b>	<b>342,975</b>	<b>1,197,109</b>	<b>930,111</b>
Other Comprehensive Income:				
Items that will or may not be reclassified to Profit - Loss				
Unrealised gains on financial instruments	(6,171)	(2,629)	(6,171)	33,461
<b>Total Comprehensive Income for the Period</b>	<b>398,205</b>	<b>340,346</b>	<b>1,190,938</b>	<b>963,572</b>
<b>Earnings per stock unit</b>				
<b>Basic and Diluted</b>	<b>\$ 0.11</b>	<b>\$ 0.09</b>	<b>\$ 0.34</b>	<b>\$ 0.27</b>

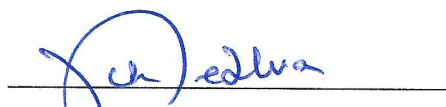
**LASCO Distributors Limited**  
Statement of Financial Position  
as at December 31, 2023  
(Unaudited and expressed in Thousands)

	Unaudited Notes 31 Dec 2023 \$'000	Unaudited 31 Dec 2022 \$'000	Audited 31 Mar 2023 \$'000
<b>ASSETS:</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	1,966,960	1,859,887	1,932,509
Intangible assets	7,736	9,929	7,736
Right-of-use assets	758	3,791	3,033
Financial assets at fair value through other comprehensive income	4 508,134	454,118	504,052
	<u>2,483,588</u>	<u>2,327,725</u>	<u>2,447,330</u>
<b>Current Assets</b>			
Inventories	4,157,204	4,396,279	4,469,208
Receivables	5 4,999,008	3,916,455	3,579,728
Related Companies	112,051	59,009	51,295
Directors Current Account	17,255	8,068	19,521
Taxation recoverable	17,650	7,966	6,259
Short term Investments	609,389	575,768	551,240
Cash and Cash Equivalents	2,508,255	1,210,223	2,253,277
<b>Total Current Assets</b>	<u>12,420,812</u>	<u>10,173,768</u>	<u>10,930,528</u>
<b>TOTAL ASSETS</b>	<u>14,904,400</u>	<u>12,501,493</u>	<u>13,377,858</u>
<b>EQUITY AND LIABILITIES:</b>			
<b>Current Liabilities</b>			
Payables	6 5,228,638	4,278,493	4,686,876
Taxation Payable	353,915	208,999	226,524
Short term Loans	0	9,217	0
Current Portion of Lease Liability	849	3,144	3,396
<b>Total Current Liabilities</b>	<u>5,583,402</u>	<u>4,499,853</u>	<u>4,916,796</u>
<b>Non-Current Liabilities</b>			
Lease Liability	0	1,054	0
Deferred Tax Liability	68,742	100,823	47,174
<b>Total Non-Current Liabilities</b>	<u>68,742</u>	<u>101,877</u>	<u>47,174</u>
<b>Shareholders' Equity</b>			
Share Capital	7 513,186	472,686	513,186
Revaluation reserves	75,387	75,387	75,387
Fair value reserves	54,884	13,398	61,055
Other reserves	0	6,959	0
Retained Earnings	8,608,799	7,331,333	7,764,260
<b>Total Shareholders' Equity</b>	<u>9,252,256</u>	<u>7,899,763</u>	<u>8,413,888</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>14,904,400</u>	<u>12,501,493</u>	<u>13,377,858</u>

Approved for issue by the Board of Directors on February 6, 2024, and signed on its behalf by:



James E. D. Rawle, CD  
**Executive Chairman**



John De Silva  
**Managing Director**

**LASCO Distributors Limited**  
Statement of Cashflows  
For nine months ended December 31, 2023  
(Unaudited and expressed in Thousands)

	Unaudited 31 Dec 2023 J\$'000	Unaudited 31 Dec 2022 J\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit	1,197,109	930,111
Items not affecting cash		
Unrealized exchange loss on foreign balances	(32,771)	32,866
Depreciation	94,005	118,454
Interest Income	(48,733)	(14,952)
Interest Expense	372	1,849
<b>Items not affecting cash</b>	<b>12,873</b>	<b>138,217</b>
<b>Change in Operating Assets and Liabilities</b>		
Inventories	312,004	(608,792)
Receivables	(1,403,105)	5,996
Directors current account	2,266	1,799
Related companies	(60,756)	(16,348)
Taxation	137,568	79,067
Payables	548,103	(656,023)
<b>Changes in non-cash working capital components</b>	<b>(463,920)</b>	<b>(1,194,301)</b>
<b>Cash provided by Operating Activities</b>	<b>746,062</b>	<b>(125,973)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	48,733	14,952
Short term Investments	(58,149)	(184,336)
Acquisition of Property, Plant & Equipment & Intangible Assets	(126,180)	(142,677)
Lease Liability	(2,547)	(2,403)
Acquisition of Financial assets at fair value through other comprehensive income	1	(53)
<b>Net Cash used in Investing Activities</b>	<b>(138,142)</b>	<b>(314,517)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest Paid	(372)	(1,849)
Loan Paid	0	9,217
Dividend paid	(352,570)	(315,963)
<b>Cash used in Financing Activities</b>	<b>(352,942)</b>	<b>(308,595)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>254,978</b>	<b>(749,085)</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>2,508,255</b>	<b>1,210,223</b>



**LASCO Distributors Limited**

## Statement of Changes in Shareholders' Equity

as at December 31, 2023

*(Unaudited and expressed in Thousands)*

	Share Capital	Revaluation Reserve	Fair Value Reserve	Other Reserve	Retained 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	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)
<b>Balance as at December 31, 2022</b>	<b>472,686</b>	<b>75,387</b>	<b>13,398</b>	<b>6,959</b>	<b>7,331,333</b>	<b>7,899,763</b>
Balance at 1 April 2023	513,186	75,387	61,055	0	7,764,260	8,413,888
Current year profits	0	0	0	0	1,197,109	1,197,109
Other Comprehensive Income	0	0	(6,171)	0	0	(6,171)
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 December 31, 2023</b>	<b>513,186</b>	<b>75,387</b>	<b>54,884</b>	<b>0</b>	<b>8,608,799</b>	<b>9,252,256</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

	<u>Dec-23</u> <u>\$'000</u>	<u>Dec-22</u> <u>\$'000</u>	<u>Mar-23</u> <u>\$'000</u>
Bond & Equities	508,134	423,865	504,052
Convertible loan notes	0	30,253	0
	<u>508,134</u>	<u>454,118</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

	<u>Dec-23</u>	<u>Dec-22</u>	<u>Mar-23</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade Receivables			
Roche Diagnostics	595,618	553,925	581,910
Regular Trade	2,464,082	2,210,504	2,087,615
	<u>3,059,700</u>	<u>2,764,429</u>	<u>2,669,525</u>
Less: Provision for Bad Debts	(57,221)	(47,821)	(57,300)
	<u>3,002,479</u>	<u>2,716,608</u>	<u>2,612,225</u>
Other Receivables	1,996,529	1,199,847	967,503
	<u>4,999,008</u>	<u>3,916,455</u>	<u>3,579,728</u>

## 6. PAYABLES

	<u>Dec-23</u>	<u>Dec-22</u>	<u>Mar-23</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade Payables			
Roche Diagnostics	21,060	418,934	721,100
Regular Trade	4,397,393	3,405,502	3,568,956
	<u>4,418,453</u>	<u>3,824,436</u>	<u>4,290,056</u>
Other Payables & Accruals	810,185	454,057	396,820
	<u>5,228,638</u>	<u>4,278,493</u>	<u>4,686,876</u>

## 7. SHARE CAPITAL

	<u>Dec-23</u>	<u>Dec-22</u>	<u>Mar-23</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 – 3,525,702,702 (Jun 2022 – 3,510,702,702 & Mar 2023 – 3,525,702,702) ordinary shares of no par value	<u>513,186</u>	<u>472,686</u>	<u>513,186</u>