



**LASCO DISTRIBUTORS LIMITED**

**FIRST QUARTER**

**UNAUDITED FINANCIAL REPORT**

**JUNE 2016**

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## REPORT TO THE SHAREHOLDERS

### First Quarter Results

The Board of Directors of LASCO Distributors Limited is pleased to present the unaudited results for the three months ended June 30, 2016.

The Company earned a profit after tax of \$175.4 million, or 33% more than the same period last year. Revenues for the quarter were \$3.9 billion, which was \$589.2 million or 18% more than the prior year. Gross profit came in at \$698 million or 25% more than last year, while gross margin ratio improved to 18%, compared to 17% in the prior year.

Operating expenses incurred in the period were \$502.3 million, an increase of 14% compared to last year. The increase was mainly due to expenditure needed to support the route to market of key brands. The company incurred an income tax expense of \$24.9M for the quarter, compared to nil in the prior year, due to the partial expiration of its Junior Market tax incentive. Management remains committed to containing operating costs, in spite of the challenging economic environment.

The Company's total investment in Property, Plant and Equipment at the end of the quarter stood at \$1.1 billion, an increase of \$346.83 million or 49% from the prior year. Much of this growth was due to expenditure relating to the expansion of the Company's warehouse and logistics infrastructure. Accounts Receivable balances fell by 11% from prior year to close at \$2.1 billion, while Accounts Payable balances grew by 17% to close at \$2.7 billion. Cash and bank balances at the end of the period were \$671.7 million, a 91% growth over prior year. Shareholders' equity stood at \$3.6 billion, or 18% growth over prior year, while the annualized return on equity for the quarter was 20% compared to 18% in the same period last year. The Company made a dividend distribution on June 30, 2016 of 5.3¢ per share, totaling \$180.3 million.

In April 2016, the Hon. Chairman, Lascelles Chin, received the American Friends of Jamaica (AFJ) Peacock Award for International Achievement. The "Peacock Award" is presented to individuals who have demonstrated significant levels of achievement in their service to Jamaica, particularly in the fields of economic development and philanthropy.

Under the 2016 theme of "Pick Up The Pace To Zero Waste", LASCO REAP successfully collected a record of 706,000 bottles from the over 80 participating schools, more than doubling last year's collection figure. Overall winner Howard Cooke primary received 10 computers and two tablets.

We would like to thank all our customers, shareholders and team members for their continued invaluable support during this period, and look forward to an exciting year ahead.



Peter M. Chin  
Deputy Executive Chairman and  
Managing Director

**LASCO Distributors Limited**

## Statement of Comprehensive Income

For the Three months ended June 30, 2016

*(Unaudited and expressed in Thousands)*

	Unaudited 3 months to 30 Jun 2016	Unaudited 3 months to 30 Jun 2015	Unaudited Year-to-date 30 Jun 2016	Unaudited Year-to-date 30 Jun 2015
	J\$'000	J\$'000	J\$'000	J\$'000
Revenue	3,897,814	3,308,623	3,897,814	3,308,623
Cost of Sales	(3,199,699)	(2,749,959)	(3,199,699)	(2,749,959)
<b>Gross Profit</b>	<b>698,115</b>	<b>558,664</b>	<b>698,115</b>	<b>558,664</b>
Other Operating Income/(Loss)	9,894	14,463	9,894	14,463
Operating Expenses	(502,339)	(440,550)	(502,339)	(440,550)
Profit from Operations	<b>205,669</b>	<b>132,577</b>	<b>205,669</b>	<b>132,577</b>
Finance Costs	(330)	(563)	(330)	(563)
<b>Profit before Taxation</b>	<b>205,340</b>	<b>132,014</b>	<b>205,340</b>	<b>132,014</b>
Taxation	(29,900)	0	(29,900)	0
<b>Net Profit for the period</b>	<b>175,440</b>	<b>132,014</b>	<b>175,440</b>	<b>132,014</b>
Other Comprehensive Income: Items that will or may not be reclassified to Profit or Loss - Share option plan	9,000	0	9,000	0
<b>Total Comprehensive Income for the Period</b>	<b>184,440</b>	<b>132,014</b>	<b>184,440</b>	<b>132,014</b>
<b>Earnings per stock unit</b>				
Basic and Diluted	<b>\$ 0.05</b>	<b>\$ 0.04</b>	<b>\$ 0.05</b>	<b>\$ 0.04</b>

**LASCO Distributors Limited**  
Statement of Financial Position  
as at June 30, 2016

	Notes	Unaudited 30 Jun 2016 \$'000	Unaudited 30 Jun 2015 \$'000	Audited 31 Mar 2016 \$'000
<b>ASSETS:</b>				
<b>Non-Current Assets</b>				
Property, Plant & Equipment		<u>1,055,705</u>	<u>708,873</u>	<u>957,428</u>
<b>Current Assets</b>				
Inventories		2,233,943	1,734,516	1,936,387
Receivables	4	2,131,499	2,388,500	1,846,954
Related Companies		19,566	20,880	41,586
Directors Current Account		13,753	0	12,000
Taxation recoverable		21,253	23,743	20,346
Short term Investments		484,046	316,353	188,289
Cash and Bank Balances		671,738	352,419	1,493,081
<b>Total Current Assets</b>		<u>5,575,797</u>	<u>4,836,411</u>	<u>5,538,643</u>
<b>TOTAL ASSETS</b>		<u>6,631,503</u>	<u>5,545,284</u>	<u>6,496,071</u>
<b>EQUITY AND LIABILITIES:</b>				
<b>Current Liabilities</b>				
Payables	5	2,774,920	2,378,054	2,689,634
Taxation Payable		49,721	0	35,651
Current Portion of Long term loans		100,000	35,055	100,000
<b>Total Current Liabilities</b>		<u>2,924,641</u>	<u>2,413,109</u>	<u>2,825,285</u>
<b>Non-Current Liabilities</b>				
Long Term Debt		126,716	117,200	107,708
Deferred Tax Liability		16,938	0	5,033
<b>Total Non-Current Liabilities</b>		<u>143,653</u>	<u>117,200</u>	<u>112,741</u>
<b>Shareholders' Equity</b>				
Share Capital	6	273,882	231,374	272,882
Revaluation reserves		75,387	75,387	75,387
Other reserves		46,735	28,129	37,735
Retained Earnings		3,167,204	2,680,085	3,172,040
<b>Total Shareholders' Equity</b>		<u>3,563,208</u>	<u>3,014,975</u>	<u>3,558,044</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>6,631,503</u>	<u>5,545,284</u>	<u>6,496,071</u>

Approved for issue by the Board of Directors on July 25, 2016 and signed on its behalf by:



Hon. Lascelles Chin, O.J., C.D.  
Executive Chairman



Peter Chin  
Deputy Executive Chairman and  
Managing Director

**LASCO Distributors Limited**  
**Statement of Cashflows**  
**For the three months ended June 30, 2016**

	Unaudited Jun-16 J\$'000	Unaudited Jun-15 J\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit	175,440	132,014
Items not affecting cash		
Stock Options - value of services expensed	9,000	0
Depreciation	19,698	13,920
Interest Income	(4,894)	(4,024)
Interest Expense	330	563
<b>Items not affecting cash</b>	<b>24,134</b>	<b>10,459</b>
<b>Change in Operating Assets and Liabilities</b>		
Inventories	(297,556)	162,270
Receivables	(306,003)	(775,714)
Directors current account	5,947	0
Related companies	38,958	(6,697)
Taxation	(907)	(948)
Payables	67,948	(42,171)
<b>Changes in non-cash working capital components</b>	<b>(491,613)</b>	<b>(663,260)</b>
<b>Cash provided by Operating Activities</b>	<b>(292,039)</b>	<b>(520,787)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	3,698	2,896
Short term Investments	(254,428)	(2,001)
Acquisition of Property, Plant & Equipment	(117,975)	195,832
<b>Net Cash used in Investing Activities</b>	<b>(368,705)</b>	<b>196,726</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest Paid	(330)	(563)
Loan received	19,007	117,200
Dividend paid	(180,276)	0
Issue of Shares	1,000	0
<b>Cash provided/(used in) by Financing Activities</b>	<b>(160,598)</b>	<b>116,636</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(821,343)</b>	<b>(207,424)</b>
Cash and cash equivalents at the beginning of the period	1,493,081	559,843
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>671,738</b>	<b>352,419</b>

**LASCO Distributors Limited**  
**Statement of Changes in Shareholders' Equity**  
**For the three months ended June 30, 2016**

	<b>Share Capital</b>	<b>Revaluation Reserve</b>	<b>Other Reserve</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 April 2015	231,374	75,386	28,129	2,548,072	2,882,961
Current year profits	0	0	0	132,014	132,014
Other Comprehensive Income	0	0	0	0	0
Dividends Paid	0	0	0	0	0
<b>Balance as at June 30, 2015</b>	<b>231,374</b>	<b>75,386</b>	<b>28,129</b>	<b>2,680,086</b>	<b>3,014,975</b>
Balance at 1 April 2016	272,882	75,386	37,735	3,172,040	3,558,043
Current year profits	0	0	0	175,440	175,440
Other Comprehensive Income	0	0	9,000	0	9,000
Transfer from Other reserves	0	0	0	0	0
Issue of Shares	1,000	0	0	0	1,000
Dividends Paid	0	0	0	(180,276)	(180,276)
<b>Balance as at June 30, 2016</b>	<b>273,882</b>	<b>75,386</b>	<b>46,735</b>	<b>3,167,204</b>	<b>3,563,208</b>

## **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 31st March 2016.

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 is 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 financial statements have been prepared on the basis that the company will have the full benefit of the tax remission.

### 4. RECEIVABLES

	<b>Jun-16</b>	<b>Jun-15</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade Receivables		
Roche Diagnostics	475,983	540,383
Regular Trade	<u>1,130,480</u>	<u>1,266,403</u>
	1,606,463	1,806,785
Less: Provision for Bad Debts	<u>(25,633)</u>	<u>(13,618)</u>
	1,580,830	1,793,168
Other Receivables	<u>550,669</u>	<u>595,332</u>
	<u><u>2,131,499</u></u>	<u><u>2,388,500</u></u>

Included in trade receivables for Roche are items on which Roche bears the credit risk solely. The corresponding liability is included in trade payables (note 5)

### 5. PAYABLES

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade Payables		
Roche Diagnostics	293,315	322,393
Regular Trade	<u>2,296,660</u>	<u>1,966,064</u>
	2,589,975	2,288,457
Other Payables & Accruals	<u>184,945</u>	<u>89,597</u>
	<u><u>2,774,920</u></u>	<u><u>2,378,054</u></u>

## 6. SHARE CAPITAL

	Jun-16 \$'000	Jun-15 \$'000
Authorised - 3,630,000,000 ordinary shares of no par value		
Stated capital – Issued and fully paid – 3,403,428,817 (2015 – 3,373,931,150) ordinary shares of no par value	<u>273,882</u>	<u>231,374</u>



**LASCO DISTRIBUTORS LIMITED  
TOP 10 SHAREHOLDINGS AS AT JUNE 30, 2016**

<b>NAME</b>	<b>JOINT HOLDERS</b>	<b>VOLUME</b>	<b>PERCENTAGE</b>
EAST WEST (ST. LUCIA) LIMITED		1,649,551,260.00	49.00
LASCELLES A. CHIN		1,019,337,780.00	30.28
MAYBERRY WEST INDIES LIMITED		80,129,988.00	2.36
YUAN LIAO		30,160,300.00	0.90
WAYNE M. CHIN		23,887,360.00	0.70
JOEL IZQUIERDO GONZALEZ		21,003,000.00	0.63
CATHERINE ADELLA PEART		19,500,340.00	0.57
HILDA GONZALEZ ROSALES		17,118,600.00	0.51
SAGICOR POOLED EQUITY FUND		16,011,050.00	0.47
MAYBERRY MANAGED CLIENTS ACCOUNT		15,847,451.00	0.47



**LASCO DISTRIBUTORS LIMITED  
DIRECTORS AND CONNECTED PARTIES  
SHAREHOLDINGS AS AT JUNE 30, 2016**

NAME PRIMARY HOLDER	POSITION *JOINT HOLDER	UNITS	PERCENTAGE
LASCELLES CHIN		1,019,337,780	30.2800
	EAST WEST (ST. LUCIA) LTD. Eileen Chin	1,649,551,260 { 15,006,740}	49.0000 0.4120
EILEEN CHIN	Lascelles Chin	15,006,740 {1,019,337,780}	0.4412 30.2800
PETER CHIN		14,000,000	0.4100
J. A. LESTER SPAULDING		4,003,000	0.1202
KENNETH HALL		2,753,000	0.0818
GARY PEART		1,397,000	0.0410
VINCENT CHEN		1,000,000	0.0294
JACINTH HALL-TRACEY		0	0.0000
ROBERT PARKINS		0	0.0000



**LASCO DISTRIBUTORS LIMITED  
EXECUTIVES HOLDINGS AND CONNECTED PARTIES REPORT  
SHAREHOLDINGS AS AT JUNE 30, 2016**

<b>NAME</b>	<b>POSITION</b>	<b>UNITS</b>	<b>PERCENTAGE</b>
<b>PRIMARY HOLDER</b>	<b>*JOINT HOLDER</b>		
PETER CHIN		14,000,000.00	0.4120
A. ALEX BALOGUN		176,400.00	0.0051
PAUL SHOUCAIR		0.00	0.00