



LASCO DISTRIBUTORS LIMITED

SECOND QUARTER

UNAUDITED FINANCIAL REPORT

SEPTEMBER 2016

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REPORT TO THE SHAREHOLDERS

Second Quarter Results

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

The Company earned a net profit after tax of \$380.9 million, which was level with the prior year. Total revenues earned were \$8.1 billion, or 17% higher than prior year, whilst gross profit for the period was \$1.4 billion or 28% over the prior year. The gross profit ratio increased to 18% of sales, up from 16% in the prior year. This improvement was due to efficiency gains in our route to market structure, as well as improvement in our logistics and supply chain. Other operating income earned was \$39.7 million, or 33% more than the prior year. Operating expenses for the period totaled \$1.1 billion or 35% more than the prior year. The increases in operating expenses were due to a one-off legal and consultancy fees and higher than normal operational costs relating to logistics and warehouse capacity issues. The higher costs due to the lack of storage capacity will be resolved on completion of the second phase of our warehouse expansion project. There were also increases in seminal expenses in Sales and Marketing to support current programs and in preparation for new product rollouts. The company's pipeline for new products is exciting, robust and imminent and we are planning for rapid expansion in both the local and export markets.

Total assets at the end of the period stood at \$7.3 billion, or 16% more than the same period last year. Property plant and equipment grew by 51% or \$398m to close at \$1.2 billion. Of this amount \$699.9 million relates to our expanded warehouse and logistics infrastructure. Trade receivables for the period closed at \$1.7 billion, or 6% more than prior year, while trade payables for the period closed at \$3.0 billion or 15% more than prior year. Cash and Bank balances at the end of the period stood at \$809.4 million, an 11% decline over the same period last year. This decline was due to increased volumes and some stocking of key items to meet projected demand. Shareholders' equity at the end of the period, stood at \$3.8 billion or 15% more than the prior year, whilst the return on equity for the six month period was 21%, compared to 26% in the prior year.

The court case regarding the assessment of damages suffered by LASCO as a result of the injunction obtained by Pfizer commenced on September 26th, 2016. The proceedings have so far lasted for five days with key witnesses for LASCO being cross-examined. Court was adjourned on September 30th, 2016 and the proceedings will reconvene on November 21st, 2016 for a further 5 days when LASCO will call its final witness. Thereafter the 1st Defendant and Pfizer will present their cases.

We wish to congratulate Laverna Campbell of Percy Junor Hospital, who in July of this year, was crowned the LASCO/NAJ Nurse of the Year for 2016-17.

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 Six months ended September 30, 2016

(Unaudited and expressed in Thousands)

	<u>Unaudited</u> <u>3 months to</u> <u>30 Sep 2016</u>	<u>Unaudited</u> <u>3 months to</u> <u>30 Sep 2015</u>	<u>Unaudited</u> <u>Year-to-date</u> <u>30 Sep 2016</u>	<u>Unaudited</u> <u>Year-to-date</u> <u>30 Sep 2015</u>
	J\$'000	J\$'000	J\$'000	J\$'000
Revenue	4,243,616	3,636,829	8,141,430	6,945,452
Cost of Sales	(3,501,531)	(3,066,136)	(6,701,230)	(5,816,095)
Gross Profit	742,086	570,693	1,440,201	1,129,357
Other Operating Income/(Loss)	29,824	15,374	39,718	29,837
Operating Expenses	(549,547)	(338,448)	(1,051,886)	(778,998)
Profit from Operations	222,363	247,619	428,033	380,196
Finance Costs	(644)	(216)	(974)	(779)
Profit before Taxation	221,719	247,403	427,059	379,417
Taxation	(16,245)	0	(46,145)	0
Net Profit for the period	205,474	247,403	380,914	379,417
Other Comprehensive Income: Items that will or may not be reclassified to Profit or Loss - Share option plan	3,000	8,000	12,000	8,000
Total Comprehensive Income for the Period	208,474	255,403	392,914	387,417
Earnings per stock unit				
Basic and Diluted	\$ 0.06	\$ 0.08	\$ 0.12	\$ 0.11


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

	Notes	Unaudited 30 Sep 2016 \$'000	Unaudited 30 Sep 2015 \$'000	Audited 31 Mar 2016 \$'000
ASSETS:				
Non-Current Assets				
Property, Plant & Equipment		<u>1,186,203</u>	<u>787,722</u>	<u>957,428</u>
Current Assets				
Inventories		2,809,017	2,027,591	1,936,386
Receivables	4	2,205,081	2,307,043	1,846,954
Related Companies		47,823	36,827	41,586
Directors Current Account		11,640	0	12,000
Taxation recoverable		21,572	18,172	20,346
Short term Investments		195,820	175,390	188,289
Cash and Bank Balances		809,374	912,243	1,493,081
Total Current Assets		<u>6,100,327</u>	<u>5,477,266</u>	<u>5,538,642</u>
TOTAL ASSETS		<u>7,286,529</u>	<u>6,264,988</u>	<u>6,496,070</u>
EQUITY AND LIABILITIES:				
Current Liabilities				
Payables	5	3,212,128	2,820,171	2,689,634
Taxation Payable		65,885	0	35,651
Current Portion of Long term loans		90,000		100,000
Bank Overdraft		0	8,200	0
Total Current Liabilities		<u>3,368,013</u>	<u>2,828,371</u>	<u>2,825,285</u>
Non-Current Liabilities				
Long Term Debt		130,623	166,240	107,708
Deferred Tax Liability		14,211	0	5,033
Total Non-Current Liabilities		<u>144,834</u>	<u>166,240</u>	<u>112,741</u>
Shareholders' Equity				
Share Capital	6	275,882	231,374	272,882
Revaluation reserves		75,386	75,386	75,387
Other reserves		49,735	36,129	37,735
Retained Earnings		3,372,678	2,927,488	3,172,040
Total Shareholders' Equity		<u>3,773,682</u>	<u>3,270,377</u>	<u>3,558,044</u>
TOTAL EQUITY AND LIABILITIES		<u>7,286,529</u>	<u>6,264,988</u>	<u>6,496,070</u>

Approved for issue by the Board of Directors on October 31, 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 Six months ended September 30, 2016

	Unaudited Sep-16 J\$'000	Unaudited Sep-15 J\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit	380,914	379,417
Items not affecting cash		
Stock Options - value of services expensed	12,000	8,000
Depreciation	42,005	29,542
Interest Income	(9,679)	(8,455)
Interest Expense	974	779
Items not affecting cash	45,300	29,866
Change in Operating Assets and Liabilities		
Inventories	(872,631)	(130,807)
Receivables	(355,528)	(209,809)
Directors current account	24,224	0
Related companies	7,975	(22,642)
Taxation	(1,226)	(2,046)
Payables	524,174	361,101
Changes in non-cash working capital components	(673,013)	(4,202)
Cash provided by Operating Activities	(246,799)	405,080
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	6,738	7,334
Short term Investments	(7,531)	(4,952)
Acquisition of Property, Plant & Equipment	(270,780)	(228,722)
Net Cash used in Investing Activities	(271,573)	(226,341)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest Paid	(974)	(779)
Loan received	12,915	166,240
Dividend paid	(180,276)	0
Issue of Shares	3,000	0
Cash provided/(used in) by Financing Activities	(165,335)	165,460
NET CHANGE IN CASH AND CASH EQUIVALENTS	(683,707)	344,200
Cash and cash equivalents at the beginning of the period	1,493,081	559,843
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	809,374	904,043

LASCO Distributors Limited
Statement of Changes in Shareholders' Equity
For the Six months ended September 30, 2016

	Share Capital	Revaluation Reserve	Other Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2015	231,374	75,386	28,129	2,548,072	2,882,961
Current year profits	0	0	0	379,417	379,417
Other Comprehensive Income	0	0	8,000	0	8,000
Balance as at September 30, 2015	231,374	75,386	36,129	2,927,489	3,270,378
Balance at 1 April 2016	272,882	75,386	37,735	3,172,040	3,558,043
Current year profits	0	0	0	380,914	380,914
Other Comprehensive Income	0	0	12,000	0	12,000
Issue of Shares	3,000	0	0	0	3,000
Dividends Paid	0	0	0	(180,276)	(180,276)
Balance as at September 30, 2016	275,882	75,386	49,735	3,372,678	3,773,681

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

	Sep-16	Sep-15
	\$'000	\$'000
Trade Receivables		
Roche Diagnostics	486,468	472,352
Regular Trade	<u>1,243,927</u>	<u>1,157,816</u>
	1,730,395	1,630,168
Less: Provision for Bad Debts	<u>(30,191)</u>	<u>(21,535)</u>
	1,700,204	1,608,633
Other Receivables	<u>504,877</u>	<u>698,410</u>
	<u><u>2,205,081</u></u>	<u><u>2,307,043</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

	Sep-16	Sep-15
	\$'000	\$'000
Trade Payables		
Roche Diagnostics	142,937	349,605
Regular Trade	<u>2,904,116</u>	<u>2,302,444</u>
	3,047,053	2,652,049
Other Payables & Accruals	<u>165,075</u>	<u>168,122</u>
	<u><u>3,212,128</u></u>	<u><u>2,820,171</u></u>

6. SHARE CAPITAL

	Sep-16 \$'000	Sep-15 \$'000
Authorised - 3,630,000,000 ordinary shares of no par value		
Stated capital – Issued and fully paid – 3,413,262,149 (2015 – 3,373,931,150) ordinary shares of no par value	<u>275,882</u>	<u>231,374</u>



LASCO DISTRIBUTORS LIMITED
TOP 10 SHAREHOLDINGS AS AT SEPTEMBER 30, 2016

NAME	JOINT HOLDERS	VOLUME	PERCENTAGE
EAST WEST (ST. LUCIA) LIMITED		1,649,551,260.00	48.28
LASCELLES A. CHIN		1,019,337,780.00	29.86
MAYBERRY WEST INDIES LIMITED		76,066,149.00	2.23
YUAN LIAO		30,160,300.00	0.88
WAYNE M. CHIN		23,887,360.00	0.70
JOEL IZQUIERDO GONZALEZ		21,003,000.00	0.60
CATHERINE ADELLA PEART		17,707,986.00	0.52
HILDA GONZALEZ ROSALES		17,118,600.00	0.50
SAGICOR POOLED EQUITY FUND		16,011,050.00	0.46
MAYBERRY MANAGED CLIENTS ACCOUNT		15,667,872.00	0.45



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

NAME PRIMARY HOLDER	POSITION *JOINT HOLDER	UNITS	PERCENTAGE
LASCELLES CHIN		1,019,337,780.00	29.8640
	EAST WEST (ST. LUCIA) LTD.	1,649,551,260.00	48.3277
	Eileen Chin	{ 15,006,740.00}	0.4397
EILEEN CHIN		15,006,740.00	0.4397
	Lascelles Chin	{1,019,337,780.00}	29.8640
PETER CHIN		14,000,000.00	0.4100
J. A. LESTER SPAULDING		4,003,000.00	0.1172
KENNETH HALL		2,753,000.00	0.0807
GARY PEART		1,397,000.00	0.0409
VINCENT CHEN		1,000,000.00	0.0293
JACINTH HALL-TRACEY		0.00	0.0000
ROBERT PARKINS		0.00	0.0000



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

NAME	POSITION	UNITS	PERCENTAGE
PRIMARY HOLDER	*JOINT HOLDER		
PETER CHIN		14,000,000.00	0.4120
A. ALEX BALOGUN		3,429,733.00	0.1005
PAUL SHOUCAIR		0.00	0.00