



FIRST QUARTER UNAUDITED FINANCIAL REPORT JUNE 2019



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Report to the Shareholders

Three months ended June 30, 2019

The Board of Directors of LASCO Manufacturing Limited is pleased to present the first quarter unaudited results for the period ended June 30, 2019.

Sales revenue for the quarter was \$ 1.787 billion, an increase of 3% on the revenue for the corresponding period of the prior year.

Gross margin for the period was 37% compared to 35% in the same period of the previous year. The margin increase is primarily attributable to on-going improvement in operational efficiencies.

Operating profit was \$354.8 million or 17% above the \$302.8 million realized in the same quarter of the prior year.

Net Profit for the three months was \$282 million or an increase of 19% on the prior year's quarter.

Administrative Expenses were controlled at \$350 million. This was 7% higher than the administrative expenses of comparative quarter of the prior year, due mainly to increases in marketing and promotional expenses (+5% above prior year), insurance and depreciation charges. The expense to sale ratio came in at 18% - the same level as in the prior year.

The positive out-turn for the quarter reflects gains from on-going improvements in operational efficiencies, reduction in structural costs and streamlining of the operations.

Capital investments for the period totaled \$60 million with the main focus during the period being the completion of the powder plant expansion, some technological upgrades coupled with optimization of assets already acquired and in production.

Balance Sheet

Total assets at the end of June 2019 were \$ 8.77 billion an increase of 5% on the prior year with current assets being \$3.7 billion or 8.8% above current assets as at June of the previous year.

Trade and other receivables were \$1.59 billion compared to \$2.19 billion in the prior year or a reduction of 27%, while trade payables stood at \$1.0 billion - marginally higher than in the same period of the prior year. Cash and Bank Balance, inclusive of investments, was \$1.09 billion.

Interim Dividend

The Board of Directors approved a resolution for the payment of an interim dividend of \$0.0611 per share, totaling \$250 million, to shareholders on 28th June 2019. This interim dividend was 61% above that paid in the prior year.

Corporate Social Responsibility

Consistent with our philosophy of giving back and supporting community building initiatives the Company continued to sponsor and execute programmes in several sectors during the quarter. The main ones included;

Partnership with the Nurses Association of Jamaica (NAJ) and Lasco Distributors Limited in activities to celebrate International Nurses' Day on May 12, 2019 which also was the launch of the NAJ's week of activities. This engagement is an extension of the LASCO/Nurses Association of Jamaica (NAJ) Nurse of the year awards.

Continued sponsorship of the LASCO Re-Leaf Environmental Awareness Programme (REAP) in schools. The 7th staging of the REAP competition was completed in June 2019 with the Bath Primary and Junior High School declared the winner for 2018-2019. In addition, the St Thomas based school also won the LASCO iCool/iDrade recycling prize for the most PET bottles collected.

Certifications

During the quarter, we successfully completed Hazard Analysis of Control Points (HACCP) re-certifications for all our manufacturing operations.

Environmental issues

The Company, along with other beverage manufacturers in collaboration Recycling Partners of Jamaica commenced monthly payments into the Deposit Refund Scheme (DRS) for PET and HDPE bottles for recycling. The programme is aimed at recovery of used beverage bottles for recycling.

We thank our hard-working team, loyal customers and all other stakeholders as we continue to bring to you quality products at affordable prices.

Yours sincerely,

LASCO MANUFACTURING LIMITED



James E. D. Rawle
Managing Director

LASCO Manufacturing Limited
Statement of Comprehensive Income
For the three months ended June 30, 2019
Unaudited and expressed in J\$'000

	3 Months to June 30, 2019	3 Months to June 30, 2018
Revenue	1,787,315	1,732,281
Cost of Sales	<u>(1,119,424)</u>	<u>(1,124,854)</u>
Gross Profit	667,891	607,427
Gross Margins %	37%	35%
Other Operating Income / (Loss)	17,118	2,973
Operating Expenses	<u>(330,194)</u>	<u>(307,570)</u>
Profit from Operations	354,815	302,830
Finance Costs	<u>(32,055)</u>	<u>(31,219)</u>
Profit before Taxation	322,760	271,611
Taxation	40,345	33,951
Total Comprehensive Income for the period	<u>282,415</u>	<u>237,660</u>
Number of Stock units in Issue	4,091,163	4,091,163
Earnings per Stock	0.07	0.06

LASCO Manufacturing Limited
Statement of Financial Position
as at June 30, 2019

	<i>JUN-19</i>	<i>JUN-18</i>	<i>MAR-19</i>
	<i>UnAudited</i>	<i>UnAudited</i>	<i>Audited</i>
	<i>J\$'000</i>	<i>J\$'000</i>	<i>J\$'000</i>
NON-CURRENT ASSETS			
Property, Plant & Equipment	4,730,854	4,196,124	4,760,917
Capital Work in Progress	336,858	731,219	312,307
Total Non-Current Assets	5,067,712	4,927,343	5,073,224
CURRENT ASSETS			
Inventories	1,024,214	948,983	1,055,776
Trade & Other Receivables	1,587,316	2,192,001	1,513,024
Taxation Recoverable	-	-	-
Directors Current Accounts	-	-	-
Short Term Investments	95,794	94,345	91,083
Cash and Bank Balances	995,123	166,961	918,721
	3,702,447	3,402,290	3,578,604
CURRENT LIABILITIES			
Trade Payables	1,002,110	937,406	859,995
Bank Overdraft	0	457,812	-
Current Portion of Long Term Loan	463,927	334,789	463,927
	1,466,037	1,730,007	1,323,922
Net Current Assets	2,236,410	1,672,283	2,254,682
	7,304,122	6,599,626	7,327,906
Financed by:			
Share Capital	327,873	325,090	327,873
Other Reserve	87,607	89,045	87,607
Retained Earnings	5,180,362	4,509,018	4,353,553
Current Earnings	282,415	237,660	1,076,779
	5,878,257	5,160,813	5,845,812
Non-Current Liabilities			
Long Term Loan	875,529	905,434	931,758
Deferred Taxation	550,336	533,379	550,336
	7,304,122	6,599,626	7,327,906

Approved for issue by the Board of Directors on July 25, 2019 and signed on its behalf by:

.....
Hon. Lascelles A. Chin, O.J., C.D., LLD (Hon. Causa)
Executive Chairman

.....
James E.D. Rawle
Managing Director

LML STATEMENT OF CASH FLOWS

For the period ended June 30, 2019

Unaudited and expressed in JS'000

<i>STATEMENT OF CASH FLOWS</i>	<i>YTD Jun-19 JS'000</i>	<i>YTD Jun-18 JS'000</i>
Cash Flows from Operating Activities		
Operating Activities		
Profit /(Loss) for the period	282,415	237,660
Depreciation	66,149	55,333
Interest Income	(2,018)	(207)
Effect of exchange rate translation		-
Stock options - value of services expensed		-
Loss on disposal of property, plant and equipment		7,640
Interest Expense	32,055	31,219
Taxation Expense	40,345	12,083
Items not affecting cash	136,531	106,068
(Increase) /Decrease in Current Assets		
Inventories	31,562	(37,378)
Trade & Other Receivables	(74,292)	(391,410)
Payables	101,770	297,939
Cash provided by operating activities	477,986	212,880
Interest Received	2,018	207
Short Term Investments	(4,711)	(2,705)
Acquisition of Property, Plant & Equipment	(60,637)	(268,382)
Proceeds from disposal of property, plant and equipment	-	0
Cash used in Investing Activities	(63,330)	(270,880)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Interest Paid	(32,055)	(31,219)
Loan Repayment	(106,229)	(81,277)
Share Issue	-	200
Proceeds from Loan	50,000	60,080
Dividends Paid	(249,970)	-
Cash provided by /(used in) Financing Activities	(338,254)	(52,216)
Net Change in Cash and Cash Equivalents	76,402	(110,216)
Exchange gain on foreign cash balances		
Cash and cash equivalents at the beginning of the period	918,721	(180,635)
Cash and cash equivalents at the end of the period	995,123	(290,851)

Comprised of:

Cash and Bank balances	995,123	166,961
Bank Overdraft	-	(457,812)
	995,123	(290,851)

LASCO Manufacturing Limited

Statement of Changes in Shareholders' Equity

For the three months ended June 30, 2019

Unaudited and expressed in J\$'000

2018				
	Share Capital	Other	Retained	Total
	J\$'000	Reserve	Earnings	J\$'000
	J\$'000	J\$'000	J\$'000	J\$'000
Balance at 1 April 2018	325,090		4,509,018	4,834,108
Other Comprehensive Income		89,045		89,045
Total Comprehensive Income for the period			237,660	237,660
Balance as at June 30, 2018	<u>325,090</u>	<u>89,045</u>	<u>4,746,678</u>	<u>5,160,813</u>

2019				
	Share Capital	Other	Retained	Total
	J\$'000	Reserve	Earnings	J\$'000
	J\$'000	J\$'000	J\$'000	J\$'000
Balance at 1 April 2019	327,874		5,180,362	5,508,236
Other Comprehensive Income		87,607		87,607
Total Comprehensive Income for the period			282,415	282,415
Balance as at June 30, 2019	<u>327,874</u>	<u>87,607</u>	<u>5,462,777</u>	<u>5,878,258</u>

LASCO Manufacturing Limited

Notes to the Financial Statements

June 30, 2019

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES

- a. LASCO Manufacturing Limited is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is at 27 Red Hills Road, Kingston 10 and it currently operates from leased premises at 38 ½ Red Hills, Kingston 10 and from premises at White Marl.
- b. The principal activities of the company are the manufacturing of soy based products, juice drinks, water and export of various LASCO branded products.

2. SIGNIFICANT ACCOUNTING POLICIES:

- a. 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.
- b. 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 2019.
- c. These financial statements are presented in Jamaican dollars unless otherwise indicated.

3. FINANCE COSTS

Finance costs are stated net of foreign exchange gains / losses

4. <u>TRADE & OTHER RECEIVABLES</u>	<u>2019</u>	<u>2018</u>	
a. Trade Receivables	JA\$ '000	JA\$ '000	
1. Local	1,343,657	1,839,263	
2. Foreign	92,474	209,992	
b. Other Receivables	<u>151,185</u>	<u>142,746</u>	This comprises of prepayments
	1,587,316	2,192,001	made for capital goods & stock.

SHARE CAPITAL

	2019	2018
Authorized:-		
4,427,500,000 (2018 – 4,427, 500,000) ordinary shares of no par value		
Stated capital –		
Issued and fully paid –		
Number of ordinary shares		
4,091,163,151 (2018 – 4,091,163,151) ordinary shares of no par value	<u>327,873</u>	<u>325,090</u>



LASCO MANUFACTURING LIMITED

TOP TEN SHAREHOLDERS AS AT JUNE 30, 2019

NAMES	UNITS	PERCENTAGES
EAST WEST (ST. LUCIA) LIMITED	2,002,693,780	48.95
LASCELLES A. CHIN	1,244,428,470	30.41
NATIONAL INSURANCE FUND	103,794,541	2.53
SJIML A/C 3119	31,777,000	0.77
MAYBERRY JAMAICAN EQUITIES LIMITED	25,754,543	0.62
PAM - POOLED EQUITY FUND	23,385,950	0.57
JCSD TRUSTEE SERVICES LTD. A/C #76579-02	20,596,985	0.50
YUAN LIAO	20,391,220	0.49
LIUDMILA GONZALEZ DIAZ	20,000,000	0.48
HILDA GONZALEZ ROSALES	20,000,000	0.48



LASCO MANUFACTURING LIMITED

DIRECTORS AND CONNECTED PARTIES SHAREHOLDINGS

AS AT JUNE 30, 2019

NAME OF PRIMARY HOLDERS	POSITION *CONNECTED PARTIES	UNITS	PERCENTAGES
LASCELLES CHIN		1,244,428,470.00	30.4174
	*EAST WEST (ST. LUCIA) LTD	2,002,693,780.00	49.3133
	*EILEEN CHIN - DIRECT	{16,000,000.00}	{0.3910}
EILEEN CHIN		16,000,000.00	0.3910
	*LASCELLES CHIN -DIRECT	{1,244,428,470.00}	{30.4174}
ROSALEA HAMILTON		110,000.00	0.002
VINCENT ANTHONY CHEN		0.00	0.0000
JACINTH HALL-TRACEY		0.00	0.0000
JAMES RAWLE		0.00	0.0000
COMPTON RODNEY		0.00	0.0000
KENNETH SYLVESTER		0.00	0.0000



LASCO MANUFACTURING LIMITED

SENIOR MANAGERS AND CONNECTED PARTIES SHAREHOLDING

AS AT JUNE 30, 2019

Name			
Primary Holder		Units	Percentages
JAMES RAWLE		0.00	0.0000
ROBERT PARKINS		0.00	0.0000
SOPHIA GAYLE		0.00	0.0000
JEAN GRANT		0.00	0.0000
ERROL GRANT		0.00	0.0000