



FIRST QUARTER UNAUDITED FINANCIAL REPORT JUNE 2020



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Report to the Shareholders
Three months ended June 30, 2020

The Board of Directors of LASCO Manufacturing Limited is pleased to present the first quarter unaudited results for the period ended June 30, 2020.

As a result of the Covid-19 pandemic the quarter was a challenging one. Since the earliest stages of the onset of the pandemic, LASCO Manufacturing Limited was proactive in initiating a number of actions and measures to safeguard the business. Key actions included procedures and protocols to protect the well-being of our people, rigorous compliance with the guidance of the Government/Ministry of Health and Wellness on responses to contain the spread of the virus, engaging with our partners and suppliers on measures to ensure supplies in order to meet the needs of customers and consumers and prudent cash management. Due to the various restrictions there was a significant reduction in consumption moments especially in the hospitality and entertainment industry, schools and out of home. This had a negative impact on some categories in our portfolio, however given the diversified nature of our range, and our ability to supply, we saw important increases in other key categories.

Quarter's Results

Notwithstanding the challenges we are able to report an overall solid performance for the quarter:

Sales revenue for the quarter was \$1.85 billion, an increase of 3% on the revenue for the corresponding period of the prior year.

Gross margin for the period was 39% compared to 37% in the same period of the previous year. The margin increase is primarily attributable to on-going improvement in manufacturing efficiencies.

Operating profit was \$406.9 million or 15% above the \$354.8 million realized in the same quarter of the prior year.

Net Profit for the three months was \$342 million or an increase of 21% on the prior year's quarter.

Administrative Expenses were controlled at \$311 million. This was 6% lower than the administrative expenses of the comparative quarter of prior year. The expense to sale ratio came in at 16.8% - compared to 18% 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 continued streamlining of the operations.

Capital investments for the period were \$38 million with the main focus during the period being the completion of the powder plant expansion. The rate of capital investments was deliberately restricted as a result of the pandemic and the strategy to conserve cash.

Balance Sheet

Total assets at the end of June 2020 were \$9.87 billion, an increase of 12.5% on the prior year with current assets being \$4.7 billion or 28% above current assets as at June of the previous year.

Trade and other receivables were \$2 billion – an increase of 26% when compared to \$1.6 billion in the prior year, while trade payables stood at \$1.1 billion - marginally higher than in the same period of the prior year.

Cash and Bank Balance, inclusive of short-term investments were \$1.4 billion.

Interim Dividend

The Board of Directors approved a resolution for the payment of an interim dividend of \$0.0607 per share, totaling \$250 million, to shareholders on 24th July 2020.

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, 2020.

Over 300 nurses tuned in via an online platform from the NAJ's headquarters for this initiative under the theme **Nurses: A Voice to Lead – Nursing the World to Health.**

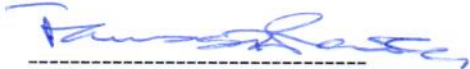
OUTLOOK

The pandemic is still evolving and given our inability to chart its depth, duration and effect it is not possible to provide an outlook for the periods ahead. We recognize, however, that the business could be adversely affected and therefore remain committed to continue executing the strategies so far deployed while being proactive and agile in our response to eventual challenges.

We thank our hard-working team, loyal customers and all other stakeholders for their invaluable support 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, 2020

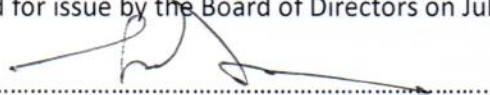
Unaudited and expressed in J\$'000

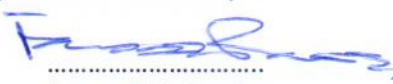
	3 Months to June 30, 2020	3 Months to June 30, 2019
Revenue	1,848,074	1,787,315
Cost of Sales	<u>(1,127,917)</u>	<u>(1,119,424)</u>
Gross Profit	720,157	667,891
Gross Margins %	39%	37%
Other Operating Income / (Loss)	(2,323)	17,118
Operating Expenses	<u>(310,937)</u>	<u>(330,194)</u>
Profit from Operations	406,897	354,815
Finance Costs	<u>(16,262)</u>	<u>(32,055)</u>
Profit before Taxation	390,635	322,760
Taxation	48,829	40,345
Total Comprehensive Income for the period	<u>341,806</u>	<u>282,415</u>
Number of Stock units in Issue	4,116,444	4,091,163
Earnings per Stock	0.08	0.07

LASCO Manufacturing Limited
Statement of Financial Position
as at June 30, 2020

	<i>JUN-20</i>	<i>JUN-19</i>	<i>MAR-20</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	4,567,850	4,730,854	4,629,176
Capital Work in Progress	374,921	336,858	341,894
Long Term Investment	170,690	-	170,690
Total Non-Current Assets	5,113,461	5,067,712	5,141,760
CURRENT ASSETS			
Inventories	1,311,746	1,024,214	1,082,440
Trade & Other Receivables	2,004,343	1,587,316	2,061,865
Taxation Recoverable	-	-	-
Directors Current Accounts	-	-	-
Short Term Investments	212,063	95,794	97,937
Cash and Bank Balances	1,226,669	995,123	1,354,148
	4,754,820	3,702,447	4,596,390
CURRENT LIABILITIES			
Trade Payables	1,121,715	1,002,110	1,290,815
Bank Overdraft	-	-	-
Current Portion of Long Term Loan	496,230	463,927	496,230
	1,617,945	1,466,037	1,787,045
Net Current Assets	3,136,876	2,236,410	2,809,345
	8,250,336	7,304,122	7,951,105
Financed by:			
Share Capital	550,887	327,873	550,888
Other Reserve	186,828	87,607	186,828
Retained Earnings	6,162,039	5,180,362	5,180,358
Fair Value Reserve	(148,690)	-	(148,690)
Current Earnings	341,806	282,415	981,682
	7,092,870	5,878,257	6,751,066
Non-Current Liabilities			
Long Term Loan	506,121	875,529	548,694
Deferred Taxation	651,345	550,336	651,345
	8,250,336	7,304,122	7,951,105

Approved for issue by the Board of Directors on July 27, 2020 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, 2020***Unaudited and expressed in J\$'000*

<i>STATEMENT OF CASH FLOWS</i>	<i>YTD JUN-20 J\$'000</i>	<i>YTD JUN-19 J\$'000</i>
Cash Flows from Operating Activities		
Operating Activities		
Profit /(Loss) for the period	341,800	282,415
Depreciation	66,796	66,149
Interest Income	(1,707)	(2,018)
Dividened Income	(4,125)	-
Effect of exchange rate translation	-	-
Stock options - value of services expensed	-	-
Loss on disposal of property, plant and equipment	-	-
Interest Expense	16,262	32,055
Taxation Expense	48,829	40,345
Items not affecting cash	126,055	136,531
(Increase) /Decrease in Current Assets		
Inventories	(229,306)	31,562
Trade & Other Receivables	57,522	(74,292)
Taxation paid	(15,118)	
Payables	(202,808)	101,770
Cash provided by operating activities	78,146	477,986
Interest Received	1,707	2,018
Short Term Investments	(114,126)	(4,711)
Purchase of investments	-	
Acquisition of Property, Plant & Equipment	(38,497)	(60,637)
Proceeds from disposal of property, plant and equipmer	-	
Cash used in Investing Activities	(150,916)	(63,330)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Interest Paid	(16,262)	(32,055)
Loan Repayment	(42,573)	(106,229)
Share Issue		-
Proceeds from Loan		50,000
Dividends Received	4,125	-
Dividends Paid		(249,970)
Cash provided by /(used in) Financing Activities	(54,710)	(338,254)
Net Change in Cash and Cash Equivalents	(127,479)	76,402
Exchagnge gain on foreign cash balances		
Cash and cash equivalents at the beginning of the period	1,354,148	918,721
Cash and cash equivalents at the end of the period	1,226,669	995,123

Comprised of:

Cash and Bank balances	1,226,669	995,123
Bank Overdraft	-	-
	1,226,669	995,123

LASCO Manufacturing Limited

Statement of Changes in Shareholders' Equity

For the three months ended June 30, 2020

Unaudited and expressed in J\$'000

2019				
	Share Capital	Other	Retained	Total
	J\$'000	Reserve	Earnings	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>

2020				
	Share Capital	Other	Retained	Total
	J\$'000	Reserve	Earnings	J\$'000
		J\$'000	J\$'000	J\$'000
Balance at 1 April 2020	550,887		6,162,039	6,712,926
Other Comprehensive Income		186,828		186,828
Fair Value Reserve			(148,690)	(148,690)
Total Comprehensive Income for the period			341,806	341,806
Balance as at June 30, 2020	<u>550,887</u>	<u>186,828</u>	<u>6,355,155</u>	<u>7,092,870</u>

LASCO Manufacturing Limited

Notes to the Financial Statements

June 30, 2020

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 2020.
- 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. TRADE & OTHER RECEIVABLES

	<u>2020</u>	<u>2019</u>	
a. Trade Receivables	JA\$ '000	JA\$ '000	
1. Local	1,715,388	1,343,657	
2. Foreign	97,346	92,474	
b. Other Receivables	<u>191,609</u>	<u>151,185</u>	This comprises of prepayments made for capital goods & stock.
	2,004,343	1,587,316	

SHARE CAPITAL

	2020	2019
Authorized: -		
4,427,500,000 (2019 – 4,427, 500,000) ordinary shares of no par value		
Stated capital –		
Issued and fully paid –		
Number of ordinary shares		
4,116,444 (2019 – 4,091,163,151) ordinary shares of no par value	<u>550,887</u>	<u>327,873</u>



LASCO MANUFACTURING LIMITED

TOP TEN SHAREHOLDERS AS AT JUNE 30, 2020

NAMES	UNITS	PERCENTAGES
EAST WEST (ST. LUCIA) LIMITED	2,002,693,780	48.48
LASCELLES A. CHIN	1,244,428,470	30.12
NATIONAL INSURANCE FUND	103,794,541	2.51
SAGICOR SELECT FUND LIMITED – ('CLASS C' SHARES) MANUFACTURING & DISTRIBUTION	32,816,914	0.79
SJIML A/C 3119	31,777,000	0.77
MAYBERRY JAMAICAN EQUITIES LIMITED	31,031,693	0.75
PAM - POOLED EQUITY FUND	23,355,487	0.57
JCSD TRUSTEE SERVICES LTD. A/C #76579-02	20,657,468	0.50
YUAN LIAO	20,391,220	0.49
LIUDMILA GONZALEZ DIAZ	20,000,000	0.48



LASCO MANUFACTURING LIMITED

DIRECTORS AND CONNECTED PARTIES SHAREHOLDINGS

AS AT JUNE 30, 2020

NAME OF PRIMARY HOLDERS	POSITION *CONNECTED PARTIES	UNITS	PERCENTAGES
LASCELLES CHIN		1,244,428,470.00	30.1247
	*EAST WEST (ST. LUCIA) LTD	2,002,693,780.00	49.4806
	*EILEEN CHIN - DIRECT	{16,000,000.00}	{0.3873}
EILEEN CHIN		16,000,000.00	0.3873
	*LASCELLES CHIN -DIRECT	{1,244,428,470.00}	{30.1247}
ROSALEA HAMILTON		110,000.00	0.0026
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, 2020

Name			
Primary Holder	Units	Percentages	
JAMES E. D. RAWLE	0.00	0.0000	
ROBERT PARKINS	2,813,132	0.0000	
SOPHIA GAYLE	0.00	0.0000	
JEAN GRANT	0.00	0.0000	
CLEVERICK DOUGHORTY	5,800,000	0.0000	
ERROL GRANT	0.00	0.0000	
DANIEL STRACHAN	0.00	0.0000	
LISA WATTS	0.00	0.0000	