

ANNUAL REPORT 2020



Distributors Limited



COMMITMENT TO NATION BUILDING



MISSION & VISION **STATEMENT**

VISION STATEMENT

To become a global corporate leader, through innovation and entrepreneurship. Driven by a passion for excellence and compassion for our fellowman, we will make LASCO a world name, synonymous with integrity, value and service.

MISSION STATEMENT

To provide quality products and services to our customers, ensure profitability and promote employee development.

Being the best Always.

LASCO FOOD DRINK IS WINNING NUTRITION FOR YOUR FAMILY

NUTRITION NEVER TASTED SO GOOD

7g
PROTEIN
FOR MUSCLE HEALTH

25%
DAILY CALCIUM
NEEDS

FORTIFIED
WITH
IRON
FOR BLOOD HEALTH

*PER SERVING



CONTENTS

GENERAL INFORMATION

- 4 Notice of Annual General Meeting
- 6 Corporate Data
- 7 Shareholders' Profile
- 8 Five Year Financial Review
- 10 Directors' Profiles

OPERATING AND FINANCIAL REVIEW

- 11 Executive Chairman's Statement
- 12 Board of Directors' Profile
- 18 Corporate Governance
- 23 Directors Report
- 24 Management Team
- 26 Management Discussion & Analysis
 - Company Overview
 - Financial Performance
 - Analysis by Division
- 32 LASCO Chin Foundation Activities Summary
- 34 Risk Management

COMPANY ACTIVITIES

- 36 Human Resources Highlights
- 38 Corporate Social Responsibility
- 45 Marketing Highlights

FINANCIAL STATEMENTS

- 58 Independent Auditors' Report to the Members
- 63 Statement of Profit or Loss and Other Comprehensive Income
- 64 Statement of Financial Position
- 65 Statement of Changes in Equity
- 66 Statement of Cash Flows
- 67 Notes of Financial Statements

OTHER INFORMATION

- 107 Proxy Form

NOTICE OF ANNUAL

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of **LASCO DISTRIBUTORS LIMITED** will be held at the Knutsford Court Hotel on Tuesday, September 29, 2020 at 1:00 p.m. for the following purposes:

Ordinary Resolutions

1. Audited Accounts

To consider and if thought fit, pass the following resolution:

“THAT the Audited Accounts for the year ended March 31, 2020 and the Reports of the Directors and Auditors, circulated with notice convening the meeting, be and are hereby received and adopted.”

2. Ratification of Dividend

To consider and if thought fit, pass the following resolution:

“THAT the Interim Dividend of \$0.043 per stock unit paid on July 18, 2019 to stockholders on record at the close of business on July 4, 2019, be declared final for the year 2019.”

3. Election of Directors

(A) **Article 97** of the Company’s Articles of Incorporation provides that one-third of the Directors, if their number is not three (3) or a multiple of three (3), the number nearest one-third (1/3), shall retire from office at each Annual General Meeting.

Article 98 of the Company’s Articles of Incorporation provides that the Directors to retire in every year shall be those who have been longest in office since their last election.

The Directors retiring under these Articles are **Mrs. Jacinth Hall-Tracey** and **Mr. James Rawle** and being eligible, offer themselves for re-election.

To consider and if thought fit, pass the following resolution:

(i) **“THAT** retiring Director, **Mrs. Jacinth Hall-Tracey**, be and is hereby re-elected a Director of the Company.”

To consider and if thought fit, pass the following resolution:

(ii) **“THAT** retiring Director, **Mr. James Rawle**, be and is hereby re-elected a Director of the Company.”

4. Directors Remuneration

Article 77 of the Articles of Incorporation empowers the Directors or any appropriate Committee of the Board of Directors to fix the remuneration of the Directors.

To consider and if thought fit, pass the following resolution:

“THAT the remuneration of the Directors be fixed by the Compensation Committee of the Board.

Article 111 empowers the Directors, or any appropriate Committee of the Board of Directors, to determine, the remuneration of the Managing Director.

GENERAL MEETING

To consider and if thought fit, pass the following resolution:

“THAT the remuneration of the Managing Director be fixed by the Compensation Committee of the Board.”

5. **Remuneration of Auditors**

To consider and if thought fit, pass the following ordinary resolution:

“THAT the remuneration of the Auditors, BDO, be fixed by the Directors of the Company.”

SPECIAL BUSINESS

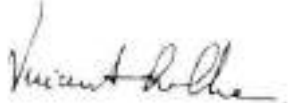
6. **Special Resolution**

To consider and if thought fit, pass the following Special Resolution:
That the amended Articles of Incorporation of the Company be further amended, approved and adopted as the Articles of Incorporation of the Company in substitution for and to the exclusion of existing Articles 26 to 31 of the Articles of Incorporation of the Company.

AMENDED ARTICLES OF INCORPORATION

26. “Transfer document affecting title to any of the admitted participating voting shares or other admitted securities of the Company shall be registered free of any fee.”
 27. “Fully paid participating voting shares or other admitted securities of the Company shall be free from any restriction or on the right of transfer.”
- “That Articles 28, 29, 30 and 31 shall now be in blank”.

Dated this 11th day of June, 2020
BY ORDER OF THE BOARD



Vincent A. Chen
COMPANY SECRETARY

- NOTE:
1. A Member of the Company entitled to attend and vote at this meeting is entitled to appoint another person as his/her Proxy to attend and vote in his/her stead, and a Proxy need not be a Member of the Company.
 2. All Members are entitled to attend and vote at the meeting.
 3. Enclosed is a form of Proxy which must be deposited with the Secretary at the registered office of the Company not less than 48 hours before the time appointed for holding the meeting or to the Registrar and Transfer Agent, Jamaica Central Securities Depository, 40 Harbour Street, Kingston.

CORPORATEDATA

As at March 31, 2020

REGISTERED OFFICE

LASCO Distributors Limited

27 Red Hills Road
Kingston 10
Jamaica, W.I.
Tel: (876) 968-3456-65
Fax: (876) 929-7622
Website: www.lascojamaica.com

SEGMENT LOCATION

LASCO Pharmaceutical Division

27 Red Hills Road
Kingston 10
Jamaica, W.I.
Tel: (876) 968-3456-65
(876) 929-7633
Fax: (876) 929-7622

LASCO Consumer Division

White Marl, St. Catherine
Tel: (876) 749-2967-9
(876) 749-5272
Fax: (876) 749-2966

BOARD OF DIRECTORS

Executive Directors

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

Non-Executive Directors

Colin Maxwell, FCA, FCCA
Eileen Chin, MBA
James Rawle
Kenneth Hall O.N., G.C.M.G., O.J.
Jacinth Hall-Tracey, MBA
Gary Peart, MBA
Vincent Chen
Kenneth Sylvester

Mrs. Shellyann Jackson

Financial Controller

Mr. Vincent Chen

Company Secretary

ATTORNEYS-AT-LAW

Chen Green & Company
6 Haining Road
Kingston 5
Jamaica, West Indies

BANKERS

First Caribbean International Bank Jamaica Limited

23-27 Knutsford Boulevard
Kingston 5
Jamaica, West Indies

Bank of Nova Scotia Jamaica Limited

Cnr. Duke & Port Royal Streets
Kingston
Jamaica, West Indies

National Commercial Bank Jamaica Limited

94 Half Way Tree Road
Kingston 10
Jamaica, West Indies.

AUDITORS

BDO

26-28 Beechwood Avenue
Kingston 5
Jamaica, West Indies

REGISTRAR AND TRANSFER AGENTS

Jamaica Central Securities Depository Limited

40 Harbour Street
Kingston
Jamaica, West Indies

SHAREHOLDERS' PROFILE

Top Ten Shareholders as at March 31, 2020

NAME	VOLUME	PERCENTAGES
East West (St. Lucia) Limited	1,649,551,260	47.02
Lascelles A. Chin	1,020,735,448	29.09
Mayberry Jamaican Equities Limited	73,738,085	2.10
JCSD Trustee Services Ltd. A/C #76579-02	33,524,965	0.95
Peter M. Chin	29,291,522	0.83
Yuan Liao	26,650,362	0.75
Sagicor Select Fund Ltd. - (Class C' Shares) Manufacturing & Distribution	24,753,880	0.70
Wayne M. Chin	24,017,860	0.68
Joel Izquierdo Gonzalez	20,000,000	0.57
Gerald W. Purdy	18,411,620	0.52

Shareholdings of Directors and Connected Parties as at March 31, 2020

NAME/PRIMARY HOLDER	POSITION *CONNECTED PARTY	UNITS	PERCENTAGES
Lascelles Chin		1,020,735,448	29.0980
	*Eileen Chin - Direct	{15,116,165}	0.4311
	*East West (St. Lucia) Ltd.	1,649,551,260	47.0235
Eileen Chin		15,116,165	0.4331
	*Lascelles Chin - Direct	{1,020,735,448}	29.0980
Colin Maxwell		0.00	0.00
Kenneth Hall		2,753,000	0.0785
Gary Peart		1,397,000	0.0400
Vincent Chen		1,000,000	0.0285
James Rawle		0.00	0.0000
Jacynth Hall-Tracey		0.00	0.00
Kenneth Sylvester		0.00	0.00

*Connected Party

Shareholdings of Senior Managers and Connected Parties as at March 31, 2020

NAME/PRIMARY HOLDER	POSITION *CONNECTED PARTY	UNITS	PERCENTAGES
Shelly-Ann Jackson		0.00	0.0000
Peter Hylton		72,121	0.0000
Dwaine Williams		0.00	0.0000
Hortense Edwards		0.00	0.0000

FIVE YEAR FINANCIAL REVIEW

FIRST CALENDAR YEAR OF DATA
NUMBER OF YEARS OF DATA
REPORTING VALUES

2016
5
\$'000

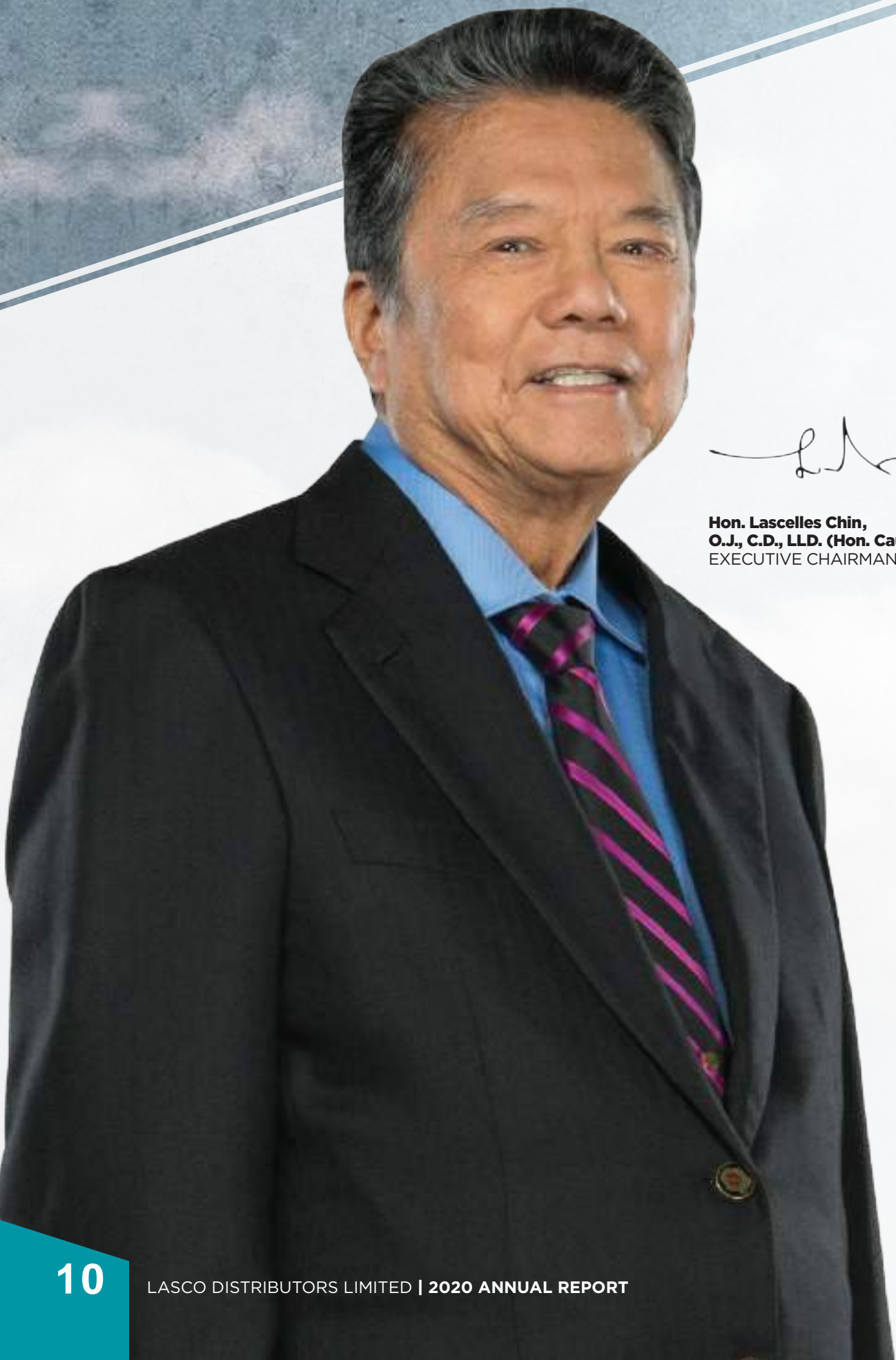
	2020	2019	2018	2017	2016
Number of Shares Issued ('000)	3,507,925	3,507,259	3,486,361	3,424,463	3,400,429
Stock Holders Equity	\$5,708,349	\$5,188,987	\$4,569,854	\$4,048,136	\$3,558,044
Percentage increase over prior year	10.0%	13.5%	12.9%	13.8%	23.4%
Market Capitalisation	\$10,453,616	\$13,047,007	\$14,154,627	\$22,601,453	\$19,552,466
Total Borrowings	\$93,333	\$540,000	\$261,666	\$351,797	\$207,708
INCOME STATEMENT					
	2020	2019	2018	2017	2016
Revenue	\$19,496,216	\$18,130,689	\$16,269,083	\$15,803,329	\$14,549,098
Percentage increase/ decrease over prior year	7.5%	11.4%	2.9%	8.6%	30.5%
Profit before Taxation	\$818,265	\$691,942	\$1,079,369	\$686,892	\$757,495
Percentage increase/ decrease over prior year	18.3%	-35.9%	57.1%	-9.3%	38.6%
Profit after Taxation	\$725,756	\$597,781	\$1,003,879	\$609,678	\$716,751
Percentage increase over prior year	21.4%	-40.5%	64.7%	-14.9%	31.1%
Net Profit Attributable to Stockholders	\$725,756	\$597,781	\$1,003,879	\$609,678	\$716,751
Percentage increase/ decrease over prior year	21.4%	-40.5%	64.7%	-14.9%	31.1%
Total Comprehensive Income	\$669,198	\$610,608	\$1,014,183	\$640,335	\$740,768
Percentage increase/ decrease over prior year	9.6%	-39.8%	58.4%	-13.6%	27.8%
IMPORTANT RATIOS					
Debt to Equity Ratio	1.6%	10.4%	5.7%	8.7%	5.8%
Return on Equity	12.7%	11.5%	22.0%	15.1%	20.1%
Profit before Taxation/Sales	4.2%	3.8%	6.6%	4.3%	5.2%
Return on Asset	7.9%	6.9%	11.8%	8.2%	11.0%
Quick Ratio	1.32	1.25	1.18	1.13	1.28
Current Ratio	2.03	1.99	1.84	1.89	1.96
Return on Sales	3.7%	3.3%	6.2%	3.9%	4.9%
Shareholders Equity per Stock unit	\$1.63	\$1.48	\$1.31	\$1.18	\$1.05
Earning per Stock Unit-basic	\$0.21	\$0.17	\$0.29	\$0.18	\$0.21
Closing Stock Price - JSE	\$2.98	\$3.72	\$4.06	\$6.60	\$5.75
Price Earning ratio	14.40	21.83	14.10	37.07	27.28

 **iCool**
REDUCED SUGAR



50%
LESS SUGAR
than regular
iCool Drink

4g
SUGAR
per 100ml



A handwritten signature in black ink, appearing to be 'L. Chin', positioned to the right of the man's head.

**Hon. Lascelles Chin,
O.J., C.D., LL.D. (Hon. Causa)**
EXECUTIVE CHAIRMAN

EXECUTIVE CHAIRMAN'S STATEMENT

The Board of Directors is pleased to report that the company accomplished another year of solid financial performance and is well-positioned for future growth. This performance is attributed to focus, proactivity, and speed of execution that we continue to develop throughout the organization.

Sales revenue grew to \$19.5B or 7.5% above the revenue of the prior year (2019: \$18.1B). Gross profit grew by 6.4%, or \$227M compared to the previous year to close at \$3.8B.

Operating expenses grew by 3 % over prior year reflecting improved controls and efficiency gains over the year.

Net Profit for the year was \$725.7M, which was a 21.4% increase over the prior year. Earnings per share were \$0.21 versus \$0.17 in the last year.

In the Consumer Division, we continued to invest heavily in our brands, ensuring efficiency in marketing spend, while we expanded our distribution reach thereby making our products more widely available. We had significant success with several innovative promotions for key brands. Consumer contact and focus were strengthened as we exploited all media platforms in our communication mix. A number of new products and formats were launched in the refreshing beverage category, notably reduced sugar variants of the popular iCool range. These were well accepted and continue to perform in line with expectations.

Our objective is to continue to drive growth and margin improvement in the Division through the on-going expansion and enhancement of our distribution network to reach existing and prospective consumers, introducing new products in appropriate formats and price points to targeted markets and leveraging existing strategic partnerships.

The Pharmaceutical Division contributed strongly to the overall performance in terms of revenue and profit reflecting improved supply chain management,

effective execution, and close collaboration with Principals. The focus is to expand our footprint in the Pharma sector based on a continued close partnership with our strategic partners and other stakeholders and to optimize our route to market. Investing in Continuing Medical Education activities for health care professionals will continue to be an integral part of our outreach initiatives.

Total Assets at year-end were \$9.15B an increase of 6% over the prior year with Non- Current Assets increasing by 15 % to close at \$2.3B. Current Assets were \$6.85B or 3.3% above prior year while Current Liabilities stood at \$3.38B.

An interim dividend of \$0.043 per share totaling \$150.8M was paid to shareholders on July 18, 2019.

The Board of Directors was fully engaged during the year and continued to ensure the effective execution of strategic initiatives, risk management, internal controls, and corporate governance matters.

In the latter part of the year, we faced the issue of the Covid-19 pandemic. The company reacted with speed and agility in instituting various protocols and measures to safeguard the health and well-being of the employees and to ensure business continuity to meet the needs of our customers and consumers. We are a resilient and adaptable organization and geared to respond quickly to changing circumstances as the pandemic evolves.

Notwithstanding the headwinds, in particular as a result of the Covid-19 pandemic, we believe that we have strategies supported by a committed team for continued growth in the year ahead- recognising that protecting our people, the supply chain and effective execution will be critical factors.

We thank all our customers, shareholders, and team members for their continued unwavering support during this period. We look forward to even greater successes as we continue to bring quality and affordable pharmaceutical and consumer products to our consumers.

DIRECTORS' PROFILES



**Hon. Lascelles Chin,
O.J., C.D., LL.D. (Hon. Causa)**
EXECUTIVE CHAIRMAN

Recipient of the Order of Jamaica for his philanthropy and contribution to the development of commerce in Jamaica - Lascelles Chin is the Chairman and Founder of the LASCO Affiliated Companies.

This Jamaican-born entrepreneur ventured into the field of business in 1956 and found opportunities in a variety of sectors, namely: the import of spices and teas, sales of adhesives through his partnership with Henkel, furniture manufacturing, data processing, car rentals, horticulture, insurance brokerage, hair products, soya oil refining, and chicken processing. Inspired by his wealth of knowledge, business experience, and his humble beginnings, the Chairman constantly sought to develop and distribute affordable products.

He shares his ideas and energy with business colleagues and has contributed greatly to prominent Jamaican organizations such as the Jamaica Industrial Development Corporation (JIDC), the Jamaica Exporters' Association (JEA) and the Jamaica Promotions Corporation (JAMPRO). He is a Director on the University of the West Indies' School of Nursing Advisory Board, and the Kings House Foundation. He is also the Executive Chairman of the Board of LASCO Manufacturers Limited and LASCO Financial Services Limited. Mr. Chin is also a director of LASVAC Limited.

Additionally, the Chairman has been listed several times among the top 10 personalities in Jamaica, published by the Jamaica Observer. Similarly, in 2011 he was inducted in the Private Sector of Jamaica (PSOJ) Hall of Fame, and four years later received an Honorary Doctor of Laws Degree (LLD) from the University of Technology Jamaica. In 2016, The Hon. Lascelles Chin was a recipient of the International Achievement "Peacock Award" from the American Friends of Jamaica in Miami, Florida, a Lifetime Achievement Award American Chamber of Commerce and an Honorary Doctor of Humane Letters Degree (DHL) from Northern Caribbean University.



DR. EILEEN A. CHIN, MBA
NON-EXECUTIVE DIRECTOR

Dr. Eileen A. Chin is a Non-Executive Director of the Company. Born in Havana City, Cuba, Dr. Chin holds a Post-Graduate Degree in Medicine from the Havana University School of Medicine. Dr. Chin also holds an MBA in Global Management and has received knowledge and skills development training in Advanced Negotiation, Risk Management and Lean Six Sigma. She specialized in, and taught histology from 1993 to 1998 at the Girón School of Medicine, and migrated to Jamaica in 1998.

Dr. Chin joined the LASCO Group of Companies in 1999 serving in several positions such as marketing, product and label development, and international business development for Central and South American markets. She was appointed General Manager of LASCO Foods, LASCO Food (Successors) Limited, and LASCO Properties in 2008. Two years following, she was appointed Managing Director of LASCO Manufacturing Limited where she implemented a US 18M expansion of the Manufacturing facility. She held this position until 2015.

Dr. Chin currently serves as a member of the Board of Directors of LASCO Financial Services Limited and LASCO Manufacturing Limited. She is also a member of the Portia Simpson Miller Foundation.



**MRS. JACINTH HALL-TRACEY,
BA (HONS.), MBA**
NON-EXECUTIVE DIRECTOR

Mrs. Jacinth Hall-Tracey joined the Company in 2004 as General Manager for both LASCO Financial Service Limited and LASCO Remittance Services Limited. In 2009 she was appointed Managing Director of LASCO Financial Services Limited and in 2017 appointed to the board of its newly acquired subsidiary LASCO Microfinance Limited as non-executive Director.

Under her leadership the Company has grown its services, shareholder value, customer base and reach into the Caribbean and diaspora. The company is a key industry player in the remittance, cambio and loans industries in Jamaica. Since listing on the Junior Market of the Jamaica Stock Exchange, LASCO Financial Services Limited has earned the privilege of being an award recipient at the JSE best Practices Award each year since 2012 in the categories of Best Performing Company, Annual Report or website.

Mrs. Hall-Tracey is the sitting President of the Jamaica Money Remitters Association, Past President of the Cambio Association of Jamaica and member of Jamaica Micro Financing Association(JAMFA) Limited.

She sits on the Boards of LASCO Distributors Limited and LASCO Manufacturing Limited. She has 28 years' management experience, over 15 of which have been in the Financial Services Industry. She holds an MBA from Herriot Watt University, Edinburgh Business School. In early 2018 completed the JSE E-Campus course, Director's Strategic Guide to Corporate Governance and Leadership and in 2020 completed the Frankfurt Business School's course, Certified Expert in Microfinance.



MR. JAMES RAWLE
NON-EXECUTIVE DIRECTOR

Mr. James Rawle was appointed Non-Executive Director to the Board of Directors of LASCO Distributors Limited and LASCO Financial Services Limited. He pursued undergraduate studies in Natural Sciences at the University of the West Indies, from which he also holds the Master of Science in Organic Chemistry.

He brings to the Board a wealth of knowledge and experience, having served in various senior managerial positions at one of the leading multinational food companies in the world, for over 41 years. His extensive training in Organic Chemistry has been the base of his far-reaching work in manufacturing, new product research and development, as well as production and plant management. He also has extensive functional experience in brand management, sales, marketing, finance and strategy formulation and execution.

Mr. Rawle has served as Chairman of the Board of the Bureau of Standards and several Public entities, including The Scientific Research Council, The Natural Resources Conservation Authority, The Environmental Foundation of Jamaica, Nutrition Products Limited, and The Cocoa Industry Board.



MR. COLIN MAXWELL
INDEPENDENT NON - EXECUTIVE
DIRECTOR

Mr. Colin Maxwell was appointed Non-Executive Director to the Board of Directors of LASCO Distributors Limited effective January 26, 2018, to present. He is the Lead Independent Director, and chairs the Audit and Risk Committee as well as the Corporate Governance Committee.

Mr. Maxwell brings a wealth of knowledge to the Board, garnered from over 37 years of experience in Public Accounting. He is a graduate of the College of Arts, Science and Technology (now University of Technology) where he received a Diploma in Accounting (Hons.). Continuing his studies, he became a Fellow of the Association of Chartered Certified Accountants based in the United Kingdom, and the Institute of Chartered Accountants of Jamaica.

Mr. Maxwell was a pioneer in computer audit in Jamaica, having been trained as a computer audit specialist in Canada and the United Kingdom, early in his career. He had also done a short tour of duty in Canada. He is a former member of the Company's Law Reform Committee of the Institute of Chartered Accountants of Jamaica, and has presented papers on topics such as computer assisted auditing techniques and the audit implications of new banking regulations. He has had extensive experience in leading audit engagements for a wide range of clients across varying industries.

Additionally, having joined the firm in 1978 he has worked with PricewaterhouseCoopers for an extended period of time and was admitted partnership in 1991. Mr. Maxwell served as the firm's Managing Partner, Assurance Leader, Risk Management Partner and Learning and Education Partner. On the 1st of July, 2011, he became Jamaica's Territory Senior Partner until his retirement on June 30, 2015.

Mr. Maxwell currently serves as a Non-Executive Director of the following entities:

- CUNA Caribbean Insurance Jamaica Limited
- CUNA Caribbean Insurance Society Limited
- CUNA Caribbean Insurance OECS Limited
- Broadcasting Commission of Jamaica
- Public Accountancy Board (Chairman)



**THE MOST HON. PROFESSOR
SIR KENNETH HALL, O.N. G.C.M.G, O.J.**
INDEPENDENT NON - EXECUTIVE
DIRECTOR

His Excellency, the Most Honourable Professor Sir Kenneth O. Hall, ON, GCMG, OJ, and Knight of the Collar of the Order of Civil Merit (Spain), was Jamaica's fifth Governor-General from February 16, 2006 to February 26, 2009. Prior to serving as Governor General, he was Pro-Vice-Chancellor and Principal of the University of the West Indies (UWI), Mona Campus. His Excellency holds PhD and MA degrees in History from Queen's University, Ontario, Canada; and PG Diploma in International Relations and BA (Hons) in History from the UWI. Sir Kenneth still holds appointments as Professor Emeritus and Distinguished Fellow at the UWI.

His Excellency has had a distinguished career in education, international relations and public service that spans more than five decades. His tenure at CARICOM from 1975 to 1977, and from 1994 and 1996 buttressed his insight into the challenges and opportunities for regional integration and international relations of the Commonwealth Caribbean. These experiences and his unique historical acuity formed the genesis for more than 50 published books and monographs on CARICOM and Caribbean Integration since 2001, including:

- **Contending with Destiny: The Caribbean in the 21st Century**
- **Governance in the Age of Globalisation**
- **Tourism: The Driver of Change in the Jamaican Economy**
- **Economic Transformation and Job Creation: The Caribbean Experience**
- **Regional Integration: The Key to Caribbean Survival and Prosperity**
- **CARICOM Single Market and Economy: Genesis and Prognosis.**

His Excellency was conferred with the Order of Jamaica in recognition of his stellar contribution to education and regional development in 2004, and the Order of the Nation in 2006 on his appointment of Governor General.

Today, Sir Kenneth continues to lend his extensive leadership, corporate governance, philanthropy and business development acumen to provide expert advice and advance transformative change within and without organisations. He has served as Chairman and in other Board appointments at numerous organisations including the Bank of Jamaica (BOJ); Bank of Nova Scotia, Jamaica (BNS); Caribbean Community of Retired Persons (CCRP); Caribbean Examination Council (CXC); Greater August Town Film Festival (GATFFEST); and, University of the Commonwealth Caribbean (UCC)..

Gary Peart joined Mayberry Investments Limited in May 2005 as Chief Executive Officer after developing his management techniques throughout the financial industry over the course of about 20 years. During this time, he gained experience in almost every business line, including Corporate Finance, Equity, Fixed Income and Treasury Management, all of which prepared him for his current role as CEO.

After being appointed to the Board of Directors only a year later in 2005, Peart has served as Director at Mayberry Investments Limited and at several other well-known Jamaican entities. Currently, he sits on the Board of Lasco Distributors Limited, Port Authority of Jamaica, Jamaica Anti-Doping Commission and Mona School of Business.

He is Chairman of the Boards of Jamaica Bauxite Institute and Betting Gaming and Lotteries Commission. He is also an alternate Board member of the Jamaica Stock Exchange and currently serves as Vice president of the Jamaica Securities Dealers Association.

Mr. Peart has a B.Sc. in Economics from the University of the West Indies (Hons.) and an MBA from Florida International University.

Beyond the business world, Mr. Peart is a member of the Rotary Club of St. Andrew North. He is married to Cheryl and is the proud father of son Aaron.



MR. GARY PEART, MBA
NON-EXECUTIVE DIRECTOR



MR. VINCENT A. CHEN
NON-EXECUTIVE DIRECTOR

Mr. Vincent Anthony Chen holds the position of Director and Company Secretary for all the LASCO Affiliated Companies - LASCO Distributors, LASCO Manufacturing and LASCO Financial Services Limited. He serves as General Counsel/Chief Legal Officer at all three companies. Mr. Chen's duties include ensuring that the Companies abide by the standard legal and financial practices, along with maintaining Corporate Governance.

Mr. Chen has over 45 years of experience in the field of law having successfully passed the solicitors qualifying examinations set by the LAW Society in England as well as the common law examinations administered by Osgoode Hall Law School in Canada. He is a partner at the law firm Chen, Green and Company and a Notary Public for Jamaica. He qualified as a Barrister and Solicitor in British Columbia, Canada and as a Solicitor of the Supreme Court in England. He appears regularly in the Supreme Court, The Court of Appeal and the Privy Council in civil litigation involving commercial matters.

Mr. Chen is a part of the Board of Directors for the Level Bottom Farms and Supplies Limited, and Vanda Limited. He formerly served as the Chairman of Salada Foods Jamaica Limited.



MR. KENNETH SYLVESTER
INDEPENDENT NON-EXECUTIVE
DIRECTOR

Mr. Kenneth Sylvester achieved an Honors degree in Physics from the University of Leeds in the United Kingdom, with two years postgraduate work in Quantum Physics. As a young graduate, he began his working life in 1972 as a research scientist in the development of first generation computing in the United Kingdom with the leading international computer company, Fujitsu-ICL, where he spent twenty-seven (27) years. Over this period he rose to the position of President and Chief Executive Officer of Fujitsu Caribbean headquartered in Kingston Jamaica.

His career with Fujitsu-ICL gave him the opportunity to work in Europe, Africa, Asia and the United States of America in several leadership positions.

Mr. Sylvester was one of the leading pioneers in growing the computer and information technology industry in Jamaica and the wider Caribbean.

Mr. Sylvester was also the Managing Director of the CARICOM Agency, Caribbean Knowledge and learning Network. He serves as a Director on the Board of LASCO Distributors, LASCO Manufacturing and LASCO Financial Services Limited.

Mr. Sylvester has been the Honorary Consul for Grenada in Jamaica since 1992. He is married and is the father of three children.

PURE COOLNESS

www.lascojamaica.com



LASCO
iCool
WATER
16.9 FL OZ (1PT 0.9 FL OZ) 500 mL



fi Life!

CORPORATE GOVERNANCE

As at March 31, 2020

Corporate Governance is an essential element of the operations of LASCO Distributors Limited (LDL). The Board of Directors of the Company is collectively responsible for the long-term success of the Company and to ensure the continuation of good governance.

FUNCTIONS AND RESPONSIBILITIES OF THE BOARD

The Directors are directly responsible to provide effective governance and strategic guidance to the management of the Company in its affairs and to ensure that all its stakeholders are protected. The Board strives to balance the interests of the Company's diverse constituencies, including its shareholders, customers, suppliers, employees, creditors and communities in which it operates. The aim of the Company is to be transparent in its activities, all of which are important, to increase shareholders' confidence and maximize their value.

In carrying out its functions, the Board ensures that the Company is compliant with the applicable laws of the land, regulations and codes of ethical business conduct, the rules of the Jamaica Stock Exchange Junior Market, its Articles of Incorporation, policies and procedures of the Company, Corporate Social Responsibility and Sustainable Environment Practices. The Board may rely on the advice and report of its Executive Management and other independent professionals.

HIGHLIGHT OF BOARD ACTIVITIES DURING THE YEAR

The Board invited the Information Technology Manager, a member of the Executive Management team, to update the Board on the Information Technology Systems and controls following the system upgrade of ORACLE.

- A two-day Board Retreat was held on November 6 – 7 2019. Discussions were centred around the strategic plan of the Company. Corporate Governance was a significant part of this meeting.
- A comprehensive Risk Management Policy has commenced and should take effect in the next financial year. These events will be facilitated by external professionals.

These events were facilitated by external professionals.

BOARD COMPOSITION

As at March 31, 2020, the composition of the Board of LDL was nine (9) Directors, of which one was Executive Directors, five (5) Non-Executive Directors and three (3) Independent Non-Executive Directors – Sir Kenneth Hall, Mr. Colin Maxwell and Mr. Kenneth Sylvester.

The Board of Directors meet on a quarterly basis and as required will hold special meetings to deal with pertinent matters.

SELECTION AND APPOINTMENT OF DIRECTORS

During the year the Board assigned the responsibility of selection of Directors to the Corporate Governance Committee following the approval of the Policy on May 2019. The Committee will make recommendations for appointment to the Board by identifying potential individuals, arrange for interviews and to build a cadre of qualified and suitable persons from whom a selection could be made to join the Board of LASCO.

Appointments are made on merit with due regard to the skills, competence and expertise required by the Board taking into consideration diversity. Members of the present Board are very experienced and respected individuals, with diverse skills and knowledge from different professions. Their level of talent and experience provide a good basis for sound judgement in decision making and guiding the Company into successful endeavours.

The expertise, skills and academic qualifications of our directors are outlined on pages 12 to 16 of this Annual Report.

Induction/orientation: Following the appointment of a new director the Company Secretary shall ensure that the new director participates in an induction programme that covers the vision and mission of the Company. The director shall be updated with past Board Meeting Minutes, meeting Board Members and Senior Management and is taken on a tour of the Manufacturing Plant.

Training programmes: The Board recognises the importance of training for its Directors and is also aware of the need for periodic training. During the year under review the Board participated in a training session on governance matters organized by the Corporate Governance Consultant.

LEAD INDEPENDENT DIRECTOR'S ROLE AND RESPONSIBILITIES

The term independent director means a Director who is not related to the Company by virtue of not being an employee of any LASCO Affiliated Company within the last three years; is not an immediate family member of any director or senior officer of any LASCO Affiliated company; does not represent a shareholder owning more than 10% of the voting shares of the Company.

The Lead Independent Director of LDL is Mr. Colin Maxwell. The duties of the Lead Independent Director, shall among

other duties outlined below, co-ordinate the activities of the Non-Executive Directors and perform other duties and responsibilities as the Board may direct.

The Lead Independent Director shall (i) ensure that Non-Executive Directors have adequate opportunities to meet and discuss issues in sessions with the Independent Directors without management of the company present and serving as chair of such meetings; (ii) to meet with the external auditors, in camera, to discuss any findings/difficulties experienced during the audit and (iii) in conjunction with the Executive Chairman, ensures that resources and expertise are available to the Board so that it may function effectively and efficiently.

The Lead Independent Director may, as is necessary, be available to shareholders if they have concerns which have not been resolved through the normal channels of the Executive Chairman or other senior executives.

APPOINTMENT OF COMPANY SECRETARY

The Company Secretary is appointed by the Board and is a key advisor to the board and management on compliance, corporate governance and shareholders matters. The Company Secretary shall provide new directors with information about the Company to assist them in their orientation. All directors have access to the Company Secretary's advice and services in respect of the administration of the functions of the Board.

During the year the Company Secretary briefed the Board on the Jamaica Stock Exchange (JSE) Corporate Governance Index which has been established to supplement the legal and regulatory Corporate Governance framework and raise the overall standard of Corporate Governance for companies listed on the JSE.

The Company has since reviewed the areas that need improvement and addressed those to improve its rating scores, some of which may be seen in this report.

COMMITTEES OF THE BOARD

The Board has three committees: Corporate Governance, Audit & Risk Management and Compensation Committees. The members of these committees are appointed by the Board of Directors and are chaired by the Independent Non-Executive Directors. Any Director or Executive Director or a member of staff may be invited to attend Committee meetings.

The decisions of the Board are made through its established Committees. Each Committee has its Charter/Terms of Reference which has been approved by the Board. The committees have the responsibility to review and revise Policies/Charters twice per year, which are approved by the Board. The key responsibilities of each committee are outlined in its Charter/Policy and Terms of Reference, which may be viewed on the Company's website at: www.lascojamaica.com/distributors.

AUDIT AND RISK MANAGEMENT COMMITTEE

This composition of this Committee is three members and is chaired by Mr. Colin Maxwell, Lead Independent Director. The other appointed Independent Non-Executive Directors are Sir Kenneth Hall and Mr. Kenneth Sylvester. Hon. Lascelles Chin, Executive Chairman is invited to this meeting. The Committee meets quarterly and is guided by its established Charter to provide oversight of:

- The effectiveness of the Company's risk management and internal control systems.
- The internal audit activities and reports
- The external auditor's appointment, remuneration, evaluation and reappointment.
- The financial reporting by the Company including quarterly and annual financial statements.

For the financial period under review, Ernst & Young provided internal audit services to the Company. The committee reviewed and approved the audit plan for the financial year. The Internal Auditors worked closely with the management team to establish, review and improve processes for effective risk management. The Internal Auditors report to the Audit Committee at its quarterly meetings.

During these meetings members of the committee analysed the quarterly audited and unaudited financial statements to ensure that they are prepared in accordance with the International Financial Reporting Standards and the Junior Market rules of the Jamaica Stock Exchange. These financial statements were approved by the Board of Directors for publication and may be viewed on the Company's website at: www.lascojamaica.com/distributors.

COMPENSATION COMMITTEE

The committee is comprised of three (3) directors and has the responsibility to advise the Board on all matters relating to the compensation of the Executive Chairman, the Managing Director/General Manager and the Non-Executive Directors. The Chairman of this Committee is Sir Kenneth Hall. Other appointed members are Mr. Vincent Chen, Colin Maxwell and Mr. Kenneth Sylvester.

The Compensation Committee's Charter requires that the committee meets at least once per year; as mandated, the committee met and made its recommendation to the Board of Directors.

To ensure that the Directors are reasonably compensated, the Board employed the services of a Consultant to conduct an industry survey to guide the process for compensation. A similar exercise was done for the staff.

Directors are paid a retainer and travelling to meetings attended. The fees paid for the year ended March 31, 2020 were \$20,046M.

During the year, a review of the Compensation Committees Charter was conducted and approved by the Board on May 29, 2019.

CORPORATE GOVERNANCE COMMITTEE

The composition of this committee is three (3) members: Mr. Colin Maxwell (Chair), Sir Kenneth Hall Mr. Vincent Chen and Mr. Kenneth Sylvester. The Committee meets twice per year to give oversight in respect of the structure, composition and functioning of the Board and its Committees.

The list below are some key functions of the committee:

- To recommend and monitor the implementation of a governance structure.
- To oversee the selection, induction, training and succession planning process for Directors.
- To assist the Board to determine, understand and work within the legal cultural and institutional framework that affect the goals and direction of the Company.
- To advise the board and management on matters of Corporate Governance.
- To develop Policies as are required for the effective governance of the Company.
- To monitor trends and best practices in Corporate Governance and update the Board on governance issues.
- To consider possible conflict of interest of Directors.
- To monitor related party transactions of Directors and make the necessary proposals to the Board in accordance with the Board's Charter.

During the course of the year, the Committee's Terms of Reference and Policy were developed with assistance from an external corporate governance consultant, and were approved by the Board on May 29, 2019.

PERFORMANCE EVALUATION

The Company is now in the process of its annual Board performance evaluation facilitated by an external Corporate Governance Consultant; areas will cover: Directors' Self-evaluation, Board evaluation and Committee evaluation.

The overall Board evaluation was structured around three dimensions, similar to the prior year, with emphasis placed on good governance and designed to provide some insight into how the directors perceived the Board on a whole, and how they are currently performing in key areas.

During the year the CG Committee lead the review of all Board Policies and they were approved in May 2019. The updated policies may be viewed on the Company's website for further details: Corporate Governance Policy, Board Charter, Compensation Committee Charter, Audit and Risk Management Committee Charter, Corporate Governance Terms of Reference at: <https://www.lascojamaica.com>.

ATTENDANCE REGISTER

Below is a summary of the attendance register in respect of the meetings for the financial year ended March 31, 2020.

Meetings	LDL AGM	LDL BOD	LDL Compensation Committee	LDL Audit & Risk Management Committee	LDL Corporate Governance Committee
No. of Meetings	1	4	1	4	1
Lascelles Chin	1	4	-	-	-
Eileen Chin	-	4	-	-	-
Vincent Chen	1	3	1	-	1
Colin Maxwell	1	4	1	4	1
Sir Kenneth Hall	1	4	1	4	1
Jacinth Hall-Tracey	1	4	-	-	-
Gary Peart	1	2	-	-	-
Kenneth Sylvester	1	3	1	3	1
James Rawle	1	4	-	-	-

The following table outlines the Composition of each Committee.

Meetings	LDL Compensation Committee	LDL Audit & Risk Management Committee	LDL Corporate Governance committee
Kenneth Hall	√	√	√
Vincent Chen	√	-	√
Kenneth Sylvester	√	√	√
Colin Maxwell	√	√	√

RELATIONSHIP WITH SHAREHOLDERS

It is important that our stakeholders understand our vision and thereby continue to support our programmes. Equally important is the opportunity to receive feedback.

One of the key channels used to disseminate information to our shareholders is the Annual General Meeting (AGM); a session for questions and answers is made available to shareholders at the AGM, where views are clarified and the plans explained. The Management Discussion & Analysis in the Annual Report provides detailed information on the Company's plans and opportunities and we also explain our business performance in our quarterly earnings released.

During the year press release relating to marketing activities and corporate social responsibility activities were done to keep shareholders abreast of the Company's activities.

MINUTES OF AGM

Shareholders may request a copy of the AGM Minutes from the Company Secretary's Office via telephoning 876-749-5272.

CORPORATE SOCIAL RESPONSIBILITY

LASCO Distributors Limited continued its commitment to Corporate Social Responsibility (CSR) through Education, Health, National Security, Community Development, Environment and Sports.

The Past twenty (20) years have seen LASCO and the Jamaica Constabulary Force stage the Police Officer of the Year Programme, which recognizes the exemplary efforts of Police Officers, the Nurses Association of Jamaica where LASCO recognizes the unfailing contribution of the Nurses to health care in Jamaica. LASCO is also an active partner of the Recycling Partners of Jamaica and the Relief Environmental Awareness Programme (REAP).

During the year, these programmes among others were highlighted and may be viewed in this Annual Report.

HUMAN RESOURCES

During the year, the Company held several staff meetings to update, train and keep employees abreast of changes in the Company. Employees are usually given the opportunity to ask questions and make suggestions at these meetings which are accepted by Management.

CANNED VEGETABLES



LASCO

CANNED BEANS



Try One Today!



DIRECTORS' REPORT

As at March 31, 2020

The Directors of LASCO Distributors Limited (the Company) are pleased to present their report for the financial year ended March 31, 2020.

FINANCIAL RESULTS

	\$'000
Profit before Taxation	818,265
Taxation	<u>(92,509)</u>
Net Profit	<u>725,756</u>
Basic earnings per ordinary stock unit (Cents per share)	<u>21.32</u>

The Company listed its shares on the Junior Market of the Jamaica Stock Exchange on October 12, 2010. The Company is entitled to a remission of Corporate Income Tax for a period of ten years from the date of listing as follows:

Years 1 - 5	100%
Years 6 - 10	50%

Details of the results for the year were approved by the Board on May 27, 2020 and a comparison with the previous year is set out in the Statement of Profit or Loss and other Comprehensive Income on Page 63.

DIVIDENDS

On July 18, 2019, the Company paid an interim dividend of \$0.043 per stock to all Shareholders on record at July 4, 2019. No further dividend was paid in respect of the year under review.

DIRECTORS

Articles 97 and **98** of the Articles of Incorporation of the Company provides for the rotation of directors at the Annual General Meeting. The Director retiring under these Articles are **Mrs. Jacinth Hall-Tracey** and **Mr. James Rawle** and being eligible offers themselves for re-election.

The Directors expressed thanks and appreciation to the Management and Staff for their commitment and loyalty to the Company, and to our loyal customers, suppliers and stakeholders we also express heartfelt thanks for your continued support throughout the year. To all our Stockholders we say thank you for the confidence you have placed in the management of this Company over the years.

Dated this 11th day of June, 2020
BY ORDER OF THE BOARD

Vincent A. Chen
COMPANY SECRETARY

MANAGEMENT



Dwaine Williams
GENERAL MANAGER
Consumer Division



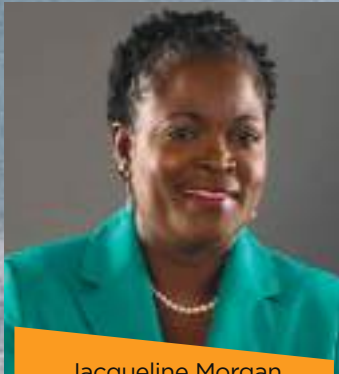
Hortense Edwards
GENERAL MANAGER
Pharmaceutical Division



Shellyann Jackson
FINANCIAL CONTROLLER
Consumer & Pharmaceutical
Divisions



Jociane Berry-Smith
OPERATIONS MANAGER
Consumer Division



Jacqueline Morgan
OPERATIONS MANAGER
Pharmaceutical Division



Omar Palmer
MARKETING MANAGER
Consumer Division



Danielle Cunningham
BEVERAGE MARKETING MANAGER
Consumer Division



Anthony Senior
SALES MANAGER- EAST
Consumer Division



John Steele
SALES MANAGER - WEST
Consumer Division



Carl Tracey
SALES MANAGER
Pharmaceutical Division



Carrolyn Llewellyn
KEY ACCOUNT MANAGER
Consumer Division



Latoya Heywood
PURCHASING MANAGER
Consumer Division

TEAM



Phyllis Sutherland-Brown
CREDIT MANAGER
Consumer Division



Andrea Cover
**REGULATORY & INSTITUTIONAL
BUSINESS MANAGER**
Pharmaceutical Division



Marcia Brown
QUALITY CONTROL MANAGER
Consumer Division



Sandra Geohagan-Green
PROMOTIONS MANAGER
Consumer Division

SHARED SERVICES



Peter Hylton
**INFORMATION TECHNOLOGY
MANAGER**



Ruel Thompson
**SAFETY/SECURITY & COMMUNITY
RELATIONS MANAGER**



Joel Gonzalez
PROPERTY MANAGER

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY OVERVIEW

LASCO Distributors Limited is a leading distribution company in Jamaica. The business was established over 30 years ago by the Honourable Lascelles Chin. In a relatively short time, the company rapidly increased its market presence by offering quality products to market at competitive prices. This market positioning and the focus on satisfying consumer needs, has led LASCO to become the market leader in several major categories in the industry. The company is well known for several innovations and product introductions, namely our flagship product LASCO Food Drink and LaSoy range of beverage products, Curves Sanitary Napkins and the iCool range of waters, flavoured waters and drinks.

The company was listed on the Jamaica Stock Exchange in October 2010 and is comprised of two divisions - the Consumer Division and the Pharmaceutical Division. This segmentation is based on product specialization which allows for greater focus to meet our customers' needs.

The company distributes one of the widest range of fast moving consumer goods under its own LASCO label and other sub brands such as Curves and iCool. The Consumer Division's core segments are food, beverage, personal care, baby care, adult incontinence and home care products, LASCO also distributes Unilever's home and personal care portfolio, with brands such as Breeze, Dove, St. Ives, Mistolin and Axe. Another core supplier partner is Salada, with their brands of high quality Jamaican coffees; Jamaica Mountain Peak and Mountain Bliss 876 as well as their range of teas. The Pharmaceutical Division distributes for major international brands in categories such as ethical, over the counter (OTC), animal health and equipment as well as its own private brand of generics under the LASMED brand name.

LASCO's route to market covers all core channels including Supermarkets, Wholesalers, Small Shops, Schools, Pharmacies, Government Institutions and health care facilities across Jamaica.

**NEW AND
IMPROVED**



**KILLS
99.9%
OF BACTERIA**



**REMOVES
DIFFICULT STAINS**



**FIGHTS
BAD ODORS**

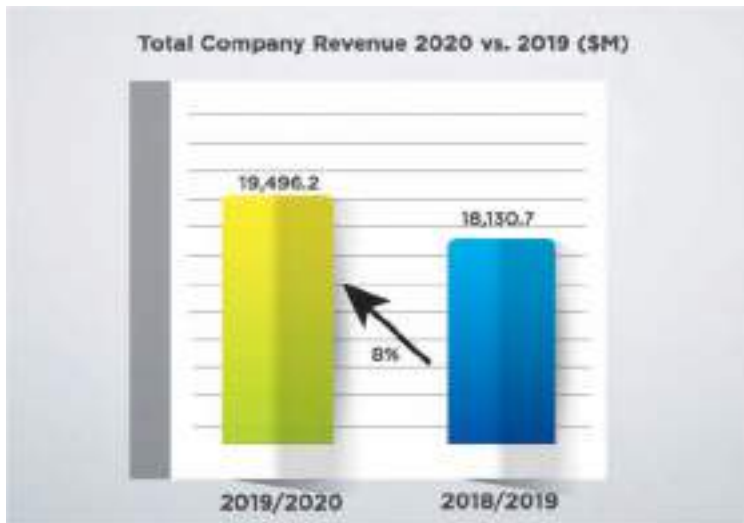


*CONTACT TIME OF AT LEAST 1 HOUR TO GET ANTIBACTERIAL EFFECT

FINANCIAL PERFORMANCE

Revenue

Total company revenue for the year 2019/2020 was \$19.50B, an increase of 8% over prior year. The revenue growth was driven by volume increases from beverage and our flagship brand LASCO Food Drink, as well as growing sales in our consumer and pharmaceutical principal brands.



Net Profit

The company achieved net profit of \$725.76M, an increase of 21% compared to the previous year, due primarily to the effective management of operational expenses. Revenue growth of 8% surpassed operational expense growth of 3% in financial year 2019/2020. This reduced growth in expenses was driven by efficient promotional strategies and investments in capital expenditure to foster growth for the beverage brands.



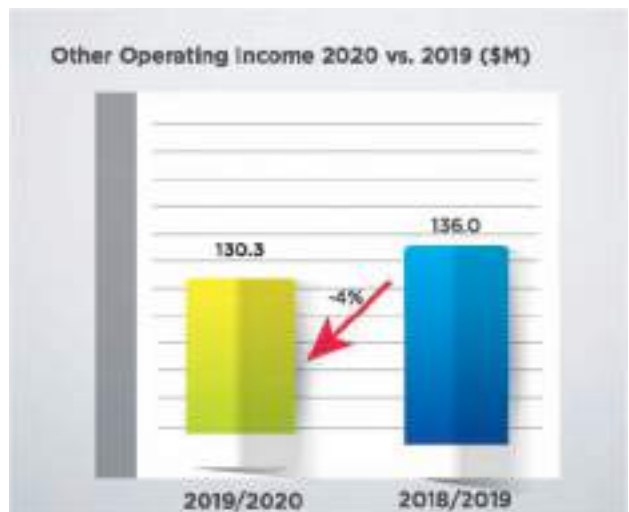
Gross Profit

Gross profit for the financial year was \$3.78B, a 6% increase over prior year. The company continued the process of negotiating with key suppliers to provide better pricing and sourcing arrangements which had a positive impact on our gross profit position.



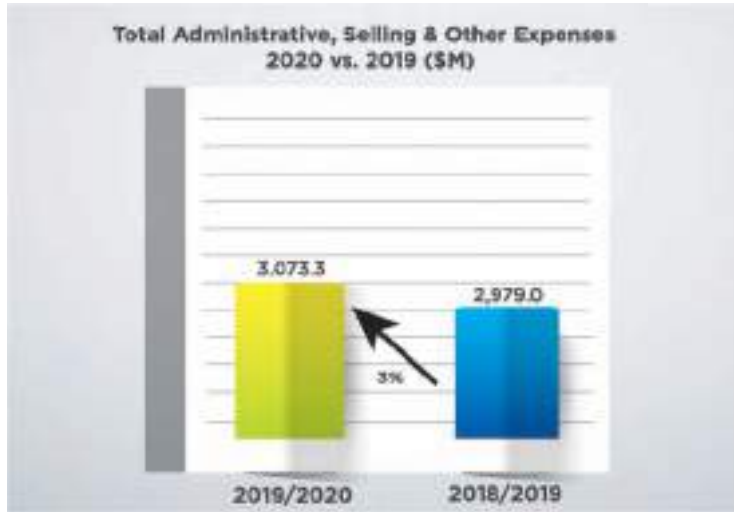
Other Income

Other Income earned for the period amounted to \$130.33M, representing a decline of 4% over the prior year. This decline was driven primarily by the devaluation of the Jamaican dollar against other currencies.



Total Administrative, Selling & Other Expenses

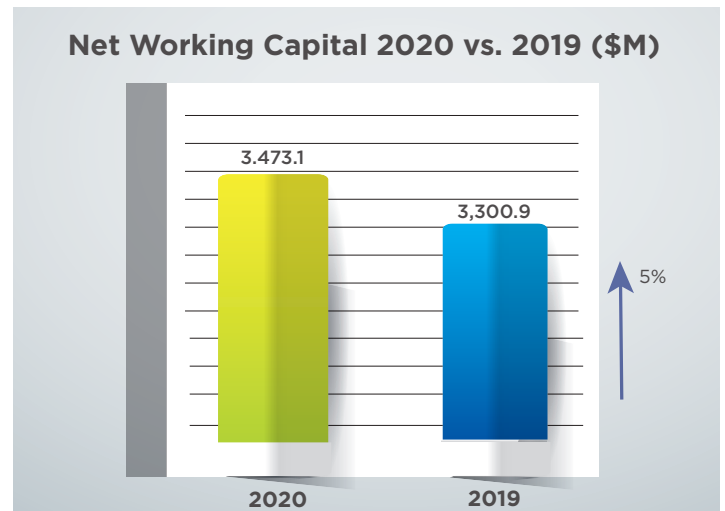
Total Administrative, Selling and Other Expenses were \$3.07B; an increase of \$94.26 million or 3% over prior year. The increase is mainly attributable to the impact of increased depreciation expenses, foreign exchange losses and restructuring expenses. In contrast, operational expenditure related Advertising and Promotion reduced by 21% to close at \$299.01M. This reduction was attributable to efficiencies in promotional strategies and investments in capital expenditure to drive growth for beverage products.



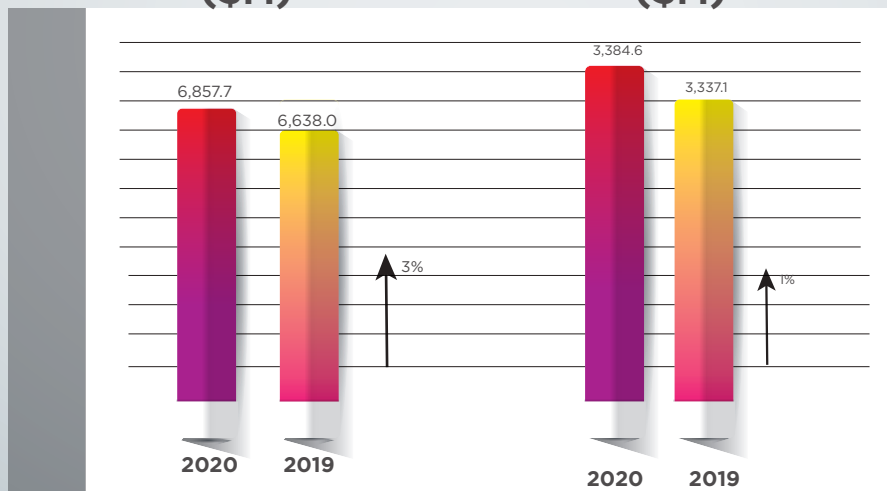
Financial Position

Total assets at the end of the year were \$9.16B and 6% over the prior year. Non-Current Assets closed the year at \$2.30B, an increase of 15% over the preceding year. This growth was mainly due to increased investments in financial assets, such as shares, and additional investment in warehouse infrastructure and other equipment related to warehouse and marketing initiatives.

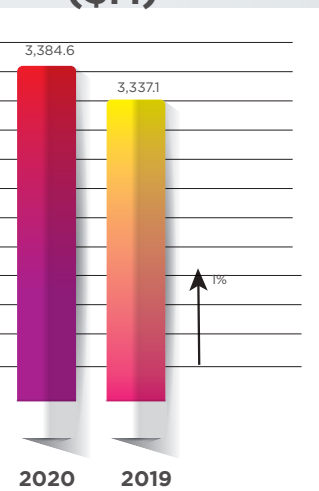
The value of inventories decreased by 4% to close at \$2.38B. Receivables increased by 11% to close at \$2.86B, and payables increased by 15% to close at \$3.27B. Cash and short term investments, taken together, experienced a 3% growth to close at \$1.55B in the current year. These changes increased the ratio of current assets/current liabilities from 1.99 times in the prior year to 2.03 times in the current year.



Current Assets 2020 vs. 2019 (\$M)



Current Liabilities 2020 vs. 2019 (\$M)



ANALYSIS BY DIVISION

Consumer Division

Revenue for the Consumer Division was \$15.69B or 4% above prior year. This was primarily due to growth in our liquid beverage brand; ICool, Lyrics and Konka. Our flagship brand, LASCO Food drink along with canned food, coffee and personal care categories also displayed strong performances over prior period. The division's profitability increased by 11% to close at \$451.29M, primarily due to the effective management of operational expenses.

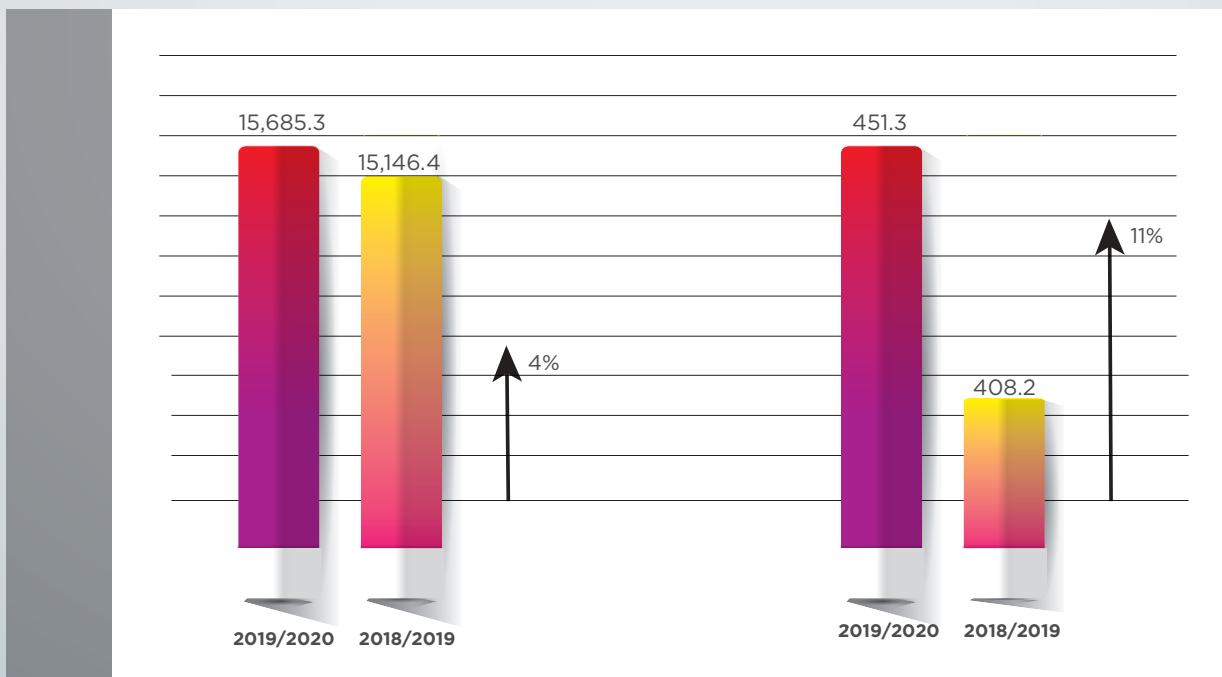
The liquid beverage category grew revenues by 19% when compared to the prior year, attributable to the launch of the reduced sugar content and four new flavours which are performing well. Traditional consumer products and our flag

ship brand grew by 4% and 2% in revenue respectively and continue to make steady strides. The Unilever portfolio showed a revenue decline of 12%, while revenues for export division decreased by 3% when compared to previous year, largely due to disruptions in supply due to necessary distributor changes in some markets. Revenue from the Salada brand grew by 9% when compare to the previous year.

We continue to rationalize our product portfolio and explore the possibilities of improving operational efficiency and introducing new products to deliver increased value to our consumers.

Consumer Revenue
2020 vs. 2019
(\$M)

Consumer Profit after Tax
2020 vs. 2019
(\$M)



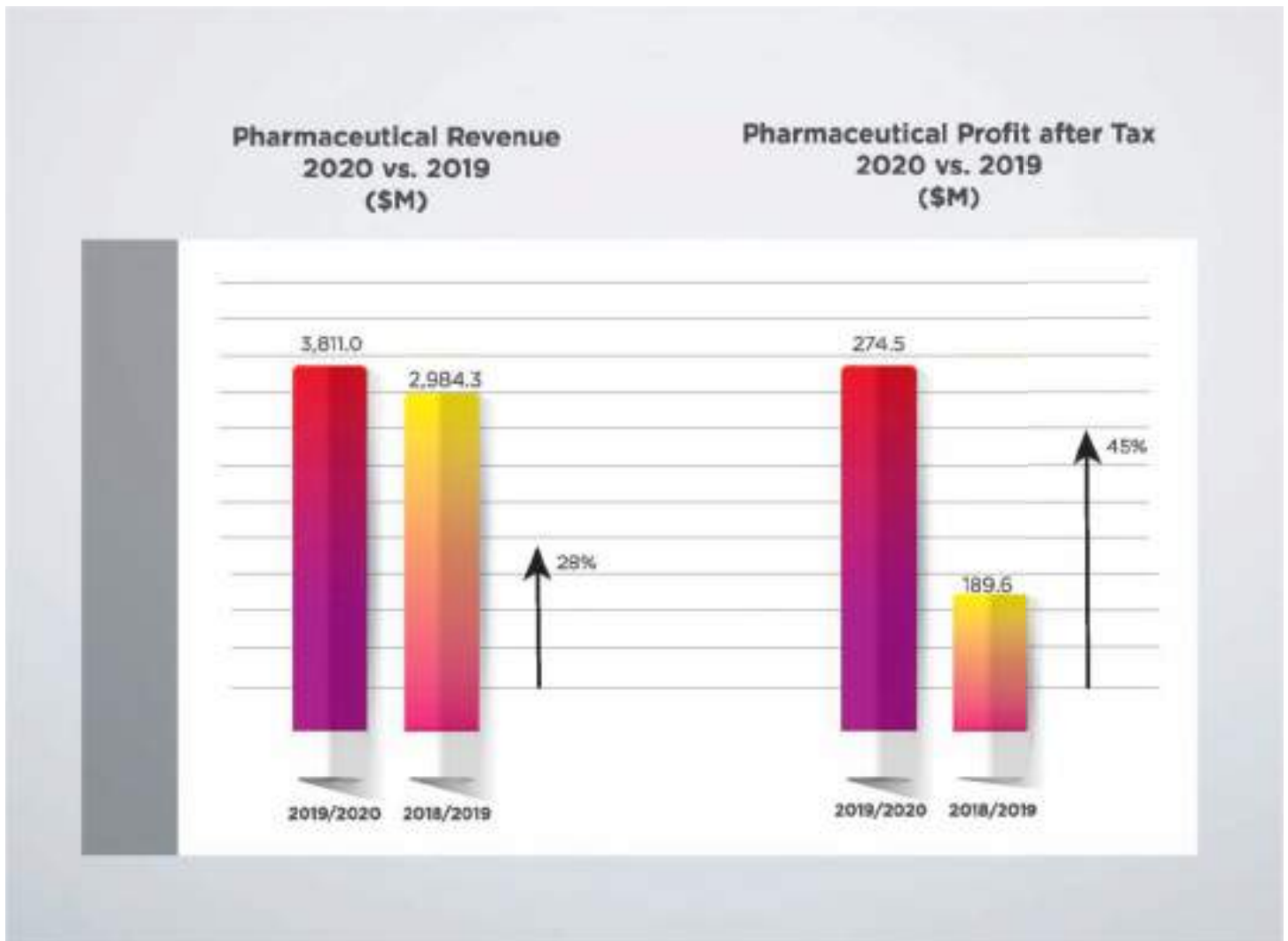
Pharmaceutical Division

Revenues for the Pharmaceutical Division grew to \$3.81B or 28% over prior year, driven by strong growth in principal brands, diagnostics and improved logistic and supplies.

The Division saw a significant improvement in net profit to \$274.47M, an increase 44.5% over the previous year. The increase net profit was driven by increase operational efficiencies, tight expense control and the dedication of our valued staff as we work together to improve overall profitability of the division.

The pharmaceutical industry remains highly regulated and this along with the many changes in the healthcare landscape and multinational business models poses an inherent challenge to the business. The management team has successfully navigated these challenges to deliver solid financial results.

The future is promising, and plans are already in the pipeline to expand our therapeutic offerings to bring more cost-effective solutions to the people of Jamaica and improve our presence in the pharmaceutical landscape.



LASCO Chin Foundation Activities Summary

Over the past two years, the LASCO Chin Foundation (LCF) has worked steadily to expand its reach within its mandate of assisting Jamaica's most vulnerable citizens, in particular at-risk youth.

Established in June 2018, the Foundation is a non-profit inspired by the life and work of the Hon Lascelles Chin, Founder and Executive Chairman of the LASCO Affiliated Companies. It is rooted in the corporate social responsibility activities of the LASCO Affiliated Companies, which is comprised of LASCO Distributors Limited, LASCO Manufacturing Limited and LASCO Financial Services Limited. The companies operate within the food manufacture and distribution, and financial services industries respectively.

Specifically, LCF seeks to help Jamaica's at-risk youth develop the relationships, goals and capacities needed to break the cycle of poverty and crime to become productive members of society, especially as successful entrepreneurs.

SSI Schooling Support Programme

One of the Foundation's flagship programmes, the SSI Schooling Support Programme, identified Mountain View Primary and Clan Carthy High schools in east Kingston as the first beneficiaries. Guided by the Sustainable Socio-Economic Intervention (SSI) Model®, students are provided with a consistent, professional long-term relationship — approximately 10 years — focused on personal development goals. The programme also offers support in their schools, homes and communities.

Among the first initiatives executed under the SSI Schooling Support Programme was the staging of a series of Parenting Education Workshops in partnership with the National Parenting Support Commission, and the Christ Church Vineyard Town Youth Community and Outreach Programme. 10 Parents who completed

the programme will go on to be parent mentors for the Mountain View Community.

Students also participated in LASCO's Releaf Environmental Awareness Programme (REAP), which exposed them to activities geared at fostering increased appreciation for environmental protection. The REAP programme involves tree planting, recycling and energy conservation, anti-litter campaigns, plastic bottle collection. The children are also exposed to artistic and performing arts components such as dance, poetry, short stories and more.

A number of new extracurricular activities and clubs were also introduced.

Based on current reports and discussions with parents, the SSI Schooling Support Programme has seen notable improvements in both the academic and behavioural performances of the participating students.

SSI Entrepreneurship Programme

The LCF's other flagship programme, the SSI Entrepreneurship Programme, focuses on providing at-risk individuals from crime-prone communities in Kingston, St. Andrew, St. James and Trelawny with a framework to create and sustain viable businesses over a five-to-10-year period.

Under the two-phased programme, participants were first enrolled in the Liquid Streets Vending Entrepreneurship Programme. Using a "learn-as-you-earn" model they were given start-up capital in the form of LASCO products, uniforms, barrels for vending, IDs, training and other forms of assistance. Mentors from within the LASCO Affiliated Companies were also assigned to participants.

Over a six-month period, 31 participants from the four parishes completed intensive entrepreneurship training

from the Institute of Law and Economics and underwent mentorship sessions, among other interventions. An analysis of Phase 1 of the programme determined that it had a positive impact on those involved, with many reporting that they ended the programme with assets, such as savings, which would enable them to start a business. Participants also expressed that they had increased confidence in their entrepreneurial abilities, and built on their personal sense of self-worth.

Most of those who did not complete the programme also reported that they would be returning to school to pursue additional studies to further boost their development or found a job.

The SSI Entrepreneurship Programme in Kingston and St. Andrew, concluded with a graduation ceremony for nine participants. Five graduates moved on to Phase 2 of the programme, which will see them receive more personalised assistance in executing business plans. The remaining four participants will continue for an extended period under Phase 1 of the programme.

Partnerships

In effort to boost its capacity to meet its mandate, the LCF has sought to partner with a number of charitable and philanthropic organisations both locally and abroad.

Among these included attendance to the Jamaica Diaspora Education Summit in April. The Summit was held to facilitate teachers, administrators and guidance counsellors from Jamaica to engage with their counterparts in the USA via school tours.

The Foundation also participated in a targeted outreach event on August 17, for over 120 participants who were part of the National Police Youth Club Annual Summer Camp. During the event Foundation CEO, Professor Rosalea Hamilton led an entrepreneurship training session with participants.

One of the seminal accomplishments for the period saw the LCF joining with similar organizations across the region in September in the formation of the Caribbean Philanthropic Alliance. The Alliance is an open platform for collaboration amongst the corporate sector, foundations and other philanthropists across the region to achieve the 2030 UN Sustainable Development Goals. The Foundation's CEO, Professor Rosalea Hamilton, is Chair of the Alliance.

The LASCO Chin Foundation also partnered with Operation Save Jamaica (OSJ) under the SSI Entrepreneurship Programme to further support the Majestic Gardens community.

Lastly, in recognition of its efforts to empower residents in the volatile Mountain View community, the LCF was awarded by the Rotary Club of Kingston East and Royal on July 6, 2019.

Conclusion

The LASCO Chin Foundation continues to work to change the way Jamaica treats its most vulnerable young people, seeking to empower them and facilitate access to quality capacity-building solutions, as well as skilled and caring mentors who are willing to support their efforts to succeed in life.

RISK MANAGEMENT

The Board of Directors recognizes that creating shareholder value requires acceptance of a measured level of risk. Risk management is therefore a key consideration in the planning and execution of our business strategy. Our risk management methodology involves the identification and evaluation of risks, and the implementation of proactive measures designed to mitigate their occurrence. This includes putting systems and policies in place to ensure effective monitoring of day to day operations and fostering a culture of risk awareness among all team members. It also involves putting in place, systems to ensure that there is compliance with all statutory requirements, and that the integrity of our financial reporting and position is sound. The company's risk function is responsible for putting structures in place to monitor risks, escalating material risks through the management team, and where necessary, to the Board of Directors. The Risk function is managed by the Audit Committee of the Board, while at the operational level, Senior Management is responsible for identifying, evaluating, assessing, managing and tracking each risk.

Our strategic risks include macro-economic and environmental developments that may adversely affect our business plans. We recognize that in a highly competitive marketplace with austere fiscal policies, we must ensure we can respond effectively to changing market conditions. Our strategic partnerships with strong brands such as Unilever, Salada, ROCHE, CIPLA, and our own LASCO brands, ensure that we have a diverse portfolio of highly competitive product offerings with dependable supply chains, able to hold their own in a competitive market place. One of the ways in which we mitigate operational risks, is by ensuring we attract and retain the best talent and engender a culture of continuous quality assurance among team members.

In common with all other businesses, the company is exposed to different risks that may arise. The company implements policies and processes for managing those risks and the methods used to measure them.

Market risk arises from the company's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates, foreign exchange rates or other market factors.

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from transactions for sales, purchases and US dollar cash and bank balances. The company manages this risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The company further manages this risk by maximizing foreign currency earnings and holding net foreign currency assets.

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument, its issuer or factors affecting all instruments traded in the market. The company is exposed to market price fluctuations arising from equity securities held, however, this is not considered to be significant.

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Floating rate instruments expose the company to cash flow interest rate risk, whereas fixed rate instruments expose the company to fair value interest rate risk. The company is primarily exposed to cash flow interest rate risk on its short-term investments. Short term investments, investment securities and long-term loans are the only interest-bearing assets and liabilities respectively, within the company.

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from trade receivables, related company balances and cash and bank balances.

Stir up a Smile



  lascojamaica

#LASCOInstantChocolate

HUMAN RESOURCES

30th ANNIVERSARY LONG SERVICE AWARDS

The Human Resources Department continued to perform its core functions necessary to the growth of the organization. These functions recruitment, staff development, labour, relations and safety & health needs - ensured the wellbeing of team members, and reinforced the mutually beneficial partnership between employees and the organisation.

The 30th Anniversary Long Service Awards held in May, recognised 67 employees for 15 to 30 years of service to LASCO Distributors Limited.



The Honourable Lascelles Chin (centre) and [Stephanie Nash -Smith (Pharmaceutical Sales Rep) share a special moment with the longest serving staff member Beverley Patterson [Office Clerk] at LASCO Distributors Limited.

SPORTS

In October, the netball team comprising members of the LASCO Affiliated companies won the Business House Intermediate 'B' League. They went on to participate in the Florida Netball Classics in November, where they won the prize for 'Best Dressed Team' at the opening parade.



Members of the Miami Classics Netball Team

ANNUAL CHRISTMAS PARTY



[Phylis Sutherland -Brown (Credit Manager)], The Honourable Lascelles Chin and [Shellyann Jackson (Chief Financial Officer)] enjoying the Annual Christmas Party festivities.

On Friday, December 13; our LASCO Family donned their mesh marinas, fishnet stockings and favourite pair of Clarks for the “Dancehall, Battle of the Eras: Old School vs New School” Annual Christmas party.

In true throwback style our LASCO, White Marl location was transformed into a street dance setting, complete with ‘pan chicken man’, motorbike displays and sound system. Celebrating the most vibrant part of our Jamaican culture would not be complete without a signature DJ competition, dance-off and domino tournament.

Our LASCO Family has done an incredible job at helping us “Make Living Affordable” for Jamaicans. Our annual party is a great moment for each team member to celebrate their accomplishments, make new memories with colleagues while having fun.



A section of LASCO Affiliated Companies' 'Dancehall Christmas' party



Feeling Retro

From left: LASCO Distributors Limited Executive Assistant to the Chairman Constance Holdsworth, [Sadiqa Seaton (Human Resource Officer)] and LASCO Manufacturing Limited Human Resources Manager Jean Grant show off their stylish retro looks.

SIGMA RUN

300 magenta-clad walkers, joggers and competitive runners took the streets of New Kingston on Sunday, February 16 in a strong show of support for the SIGMA Corporate Run/Walk under the “Run for the Fun and Donate for the Cause”.

LASCO is always looking to show its support for initiatives that promote good health and empower Jamaicans to rise above their circumstances and unlock greater opportunities and possibilities. Funds raised were donated to the assist the Clifton Boys Home, the Savanna-la-mar Hospital and the Bustamante Hospital for Children Neonatal Unit in providing infrastructural development.

STAFF WELL-BEING

In response to the global COVID-19 pandemic, and to ensure the safety of all members of staff, their families and the general public, LASCO Distributors Limited implemented new measures to support our supply chains - along with transportation, delivery and logistics networks.

The Department distributed Personal Protective Equipment (PPE) and sanitisers across the company in keeping with the Ministry of Health and Wellness guidelines. Additionally, ‘No-touch’ dispensers and hand-washing stations were installed in key areas.



LASCO DJ's

Members of the LASCO Family participating in the DJ Competition.

Corporate Social Responsibility

At LASCO Distributors Limited, we embrace our responsibility as nation builders, encouraging sustainability of critical facets of our society, through our corporate social responsibility programmes.

Programmes that impact the Health, Security and Education sectors as well as the Environment, Community and Sports initiatives, echo our company's commitment to Jamaica's growth and development for 30 years.

To this end, we continue to go the extra mile to consistently touch the lives of Jamaicans through our mantra "Everyday Family Values".

We are proud that our over 20-year partnerships with several public sector bodies, such as the Ministry of Education, Youth and Information (MoEYI), the Nurses Association of Jamaica (NAJ), the Jamaica Constabulary Force (JCF) and our hallmark initiative: the Relief Environmental Awareness Programme (REAP). These programmes empower our island's teachers, principals, nurses, police officers and fostered appreciation for the environment in students.

LASCO participated in the annual Civil Servants Week 5K Run/Walk, which concluded the Civil Servants Week of Activities on Saturday, November 16, 2019. The week-long campaign reinforced the message for civil servants to be more proactive about their mental, emotional and physical health

Our partnerships with the private sector, professional and charitable organisations also play a major role in implementing many of our social change initiatives and programmes directly impacting communities, families, the environment, health and wellness of our citizens.

Our relationships with Recycling Partners of Jamaica encourages cleaner, greener environmental practices within our operations and distribution network, including the erection of recycling bins at major LASCO-sponsored events.

On Saturday, August 24, 2019, LASCO partnered with the Go Run Running Club to host the third edition of Break of Dawn Breakfast 5k Run/Walk. Part proceeds from this event went to the Lupus Foundation of Jamaica to assist the foundation, to carry out its mandate of providing support to persons affected by the disease locally.

The LASCO team refreshed the ICWI Jamaica Reach to Recovery Pink Run 5K Run/Walk at Emancipation Park Sunday, October 27, 2019, in support of the survivors of breast cancer. We have always taken a stand to support the fight against breast cancer and in October 2019 our brand LASCO Curves donated 30 mammogram screenings to the Jamaica Cancer Society. This donation of \$120,000 was put towards covering the costs associated with mammography screenings.

Community

This year we expanded our LASCO Breakfast Programme to even more schools. We donated a wide range of nutritious breakfast products including — LASCO Oats and Instant Oats Porridge Mix, Corn Flakes, Corned Beef, Instant Chocolate Mix, Jack Mackerel, and iCool Water. Some of the schools receiving the donations included LASCO's adopted schools Collins Close Basic School and Gwen Neil Basic School in Kingston and St. Catherine respectively; Rock River Primary in St Mary and Jamaica China Goodwill Infant School in Olympic Gardens and more recently Clan Carthy High School in Kingston.



Renee Rose (left), corporate programmes manager at LASCO Distributors Limited celebrates the spectacular performances of Noel Jonathon Ellis (second left), First-place Male Runner and Crystal Coke (second right), First-place Female Runner. Joining the moment are: Alfred 'Frano' Francis (centre), managing director at Running Events and Roxann Linton Chief Executive Officer at First Heritage Co-Operative Credit Union.



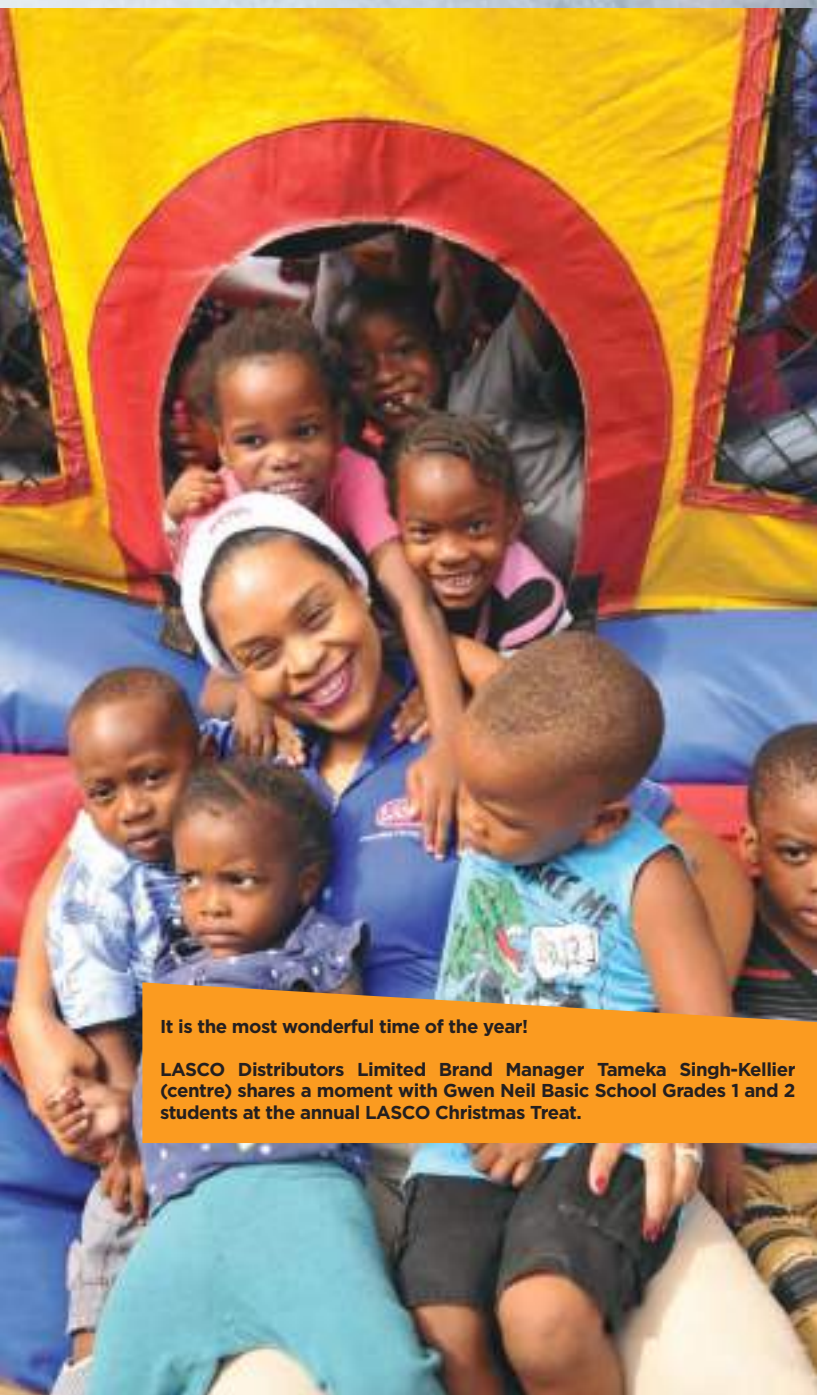
Omar Palmer (third left), marketing manager-consumer division at LASCO Distributors Limited beams with pride as Clan Carthy High School representatives (from left) Janaye Graham, Head Girl; Tiana Green; Dovonna Hyman; Shemour Wedderburn, Head Boy and Hazel Cameron, principal show-off their favourite LASCO products.

As a leading distributor in Jamaica, LASCO contributes financially by donating goods to worthy causes and reputable charitable organisations. This year, our outreach included: the Sir John Golding Rehabilitation Centre (Mona Rehab), donating personal care and food products; clothing, toiletries and LASCO products to the young residence of the Jamaica National Children's Home – as the boys' and girls' dormitory facilities were damaged by a fire in August 2019. The Gordon Town Seventh-Day Adventist Church for their Healthy Lifestyle Exposition in November 2019 received products and gift packages.

Our annual LASCO Christmas Treat for the students at the Collins Close Basic and Gwen Neil Basic Schools was held from December 17-18, 2019. Children from both schools received their brightly wrapped toys, books and other play things just in time for the season's festivities. We continue to support our adopted schools with a nutritional breakfast programme as well as providing educational, financial support and improving the infrastructure for both children and staff of the institutions.



LASCO Distributors Limited Brand Manager Jody-Ann Jones (right), gets Collins Close Basic School students Joseph Richards (centre) and Bria Young, ready for playtime during the annual LASCO Christmas Treat at Collins Close Basic School.



It is the most wonderful time of the year!

LASCO Distributors Limited Brand Manager Tameka Singh-Kellier (centre) shares a moment with Gwen Neil Basic School Grades 1 and 2 students at the annual LASCO Christmas Treat.

Lending support to the Jamaica Fire Brigade (JFB), LASCO donated \$300,000 to the Fire and Life Safety Awareness campaign. Dubbed "Community First... Mek Wi Fix It", featured a week-long series of activities in December 2019, focused on fire awareness and fire prevention. Strong emphasis was placed on educating communities across the island on how to prevent fires and how individuals can protect themselves in the event of a fire.



Renee Rose (right), corporate programmes manager at LASCO Distributors Limited presents Emeleo Ebanks (left), chief fire prevention and public relations officer at the Jamaica Fire Brigade (JFB) with a \$300,000 donation to the brigade's Fire and Life Safety Awareness Week of Activities at its Hagley Park Road Headquarters recently. Sharing in the moment is Cornelia Dixon, senior personnel.

Sports

LASCO added our voice to promoting peace and sports excellence among at-risk youth and the residents of Trench Town and its surrounding environs. The WBC Gloves Over Guns Fight Card was held on Saturday, July 13, 2019, as a community invitational aimed at generating funds for the Joy Town Foundation. The Gloves Over Guns programme uses sports for transformative community-based intervention. LASCO iCool committed \$300,000 cash and a wide range of their liquid beverages to hydrate the young athletes during the event, LASCO Oats also came onboard to provide delicious and nutritious meals to both patrons and boxers at the event.

In July 2019, LASCO and the Kingston-based Arnett Gardens Football Club embarked on a two-year commitment to the strategic development of the sport and the youth in the community of Arnett Gardens. As sports is an important part of its social fabric and sustainability, the \$2.5 million boost was put towards acquiring gym equipment and conducting a series of beautification exercises at the facility. LASCO has also committed to providing the Arnett Gardens FC team with nutritious products from its LASCO iCool, LASCO Food Drink, Oats Porridge Mix and LASCO Nutfy brands, assisting with the training programme for the five-time National Premier League Champions.



Waterhouse Football Club members enjoy their favourite LASCO iCool Water and Flavoured Water beverages during a press conference marking the start of the Confederation of North, Central America and Caribbean Association Football (Concacaf) League.



LASCO Distributors Limited Beverage Marketing Manager Danielle Cunningham (centre) shares a moment with future star-athletes from the Arnett Gardens Football Club Summer Sports Programme.



LASCO kick-started its two-year nutritional support for the Waterhouse Football Club with the presentation of a \$1.2million cheque by Danielle Cunningham (left) beverage marketing manager at LASCO Distributors Limited to (from second left) footballers Keithy Simpson, Andre Fletcher and Donovan White, president.

Health

Pulling on our partnerships with several private and public sector organisations, LASCO enhanced its vision for building a healthier nation, promoting best practices for good health and wellness while championing causes for children and young girls.

The LASCO Pharmaceutical Division dedicates time and resources to participating and supporting initiatives that impact good nutrition, health and wellness that benefit communities and consumers alike. Through community outreach, seminars and exhibits we provide awareness of products and wellness-related information at health fairs run by community groups such as the Pharmaceutical Society of Jamaica, Jamaica Dental Association (JDA), hospitals, clinics and other non-government organisations.

The maternity and baby care team conducted regular visits to public hospital maternity wards hosting seminars and demonstrations with new and expectant mothers on breastfeeding and baby care best practices. On Wednesday, January 1, 2020 the team visited public hospitals within Kingston and St. Catherine for their annual tradition of giving gifts and LASCO necessities to the first babies of the New Year.



New Year, New Bundle of Joy!

LASCO Distributors Limited Brand Manager Tameka Singh-Kellier (left) and Product Detail Representative Jodi-Ann Mullings (second left), share a sweet moment with 2020's third baby, Olivia Davis (second right) and mummy Alicia Davis at the Spanish Town Hospital.

Our long-standing partnership with the Nurses Association of Jamaica (NAJ) has positively impacted the health sector of Jamaica. LASCO's public celebration of International Nurses Day and our participation in a week-long celebration for Nurses Week 2019 culminated on Saturday, July 20, 2019, with the LASCO/NAJ Nurse and Nursing Student of the Year 2019-2020 Awards Luncheon at the Jamaica Pegasus. The annual awards ceremony concluded with Nurse Keisha Riley-Harrow, nurses' manager at the Spanish Town Hospital walking away as the 2019/20 LASCO/NAJ Nurse of the Year. She claimed the coveted trophy, a \$350,000 cash prize

and LASCO gift baskets. First runner-up, Nurse Soshanna Grant-Terlonge, was awarded \$200,000 and second runner-up, Nurse Fione Collins, awarded \$100,000.

Ms. Tacquise Campbell was named the Nursing Student of the Year 2019-20, taking home a \$100,000 cash prize, trophy and gift basket courtesy of LASCO.



Victory!

Newly crowned LASCO/Nurses Association of Jamaica (NAJ) Nurse of the Year 2019-2020, Keisha Riley-Harrow (left) shares the spotlight with Nursing Student of the Year Tacquise Campbell during the awards ceremony at the Jamaica Pegasus on Saturday, July 20, 2019.



Founder and Executive Chairman of LASCO Affiliated Companies The Honourable Lascelles Chin (second left) and President of the Nurses Association of Jamaica (NAJ), Carmen L. Johnson (right) show their support for LASCO/NAJ Nurse of the Year 2019-2020, Keisha Riley-Harrow (left) and Nursing Student of the Year, Tacquise Campbell at the awards ceremony held on Saturday, July 20, 2019 at the Jamaica Pegasus. For the past two decades, LASCO has been unwavering in its support for the island's nurses.

Security

LASCO and the Jamaica Constabulary Force (JCF) have made significant strides over the past year, raising the morale of the JCF members and the communities they serve. In May 2019, JCF and LASCO began the search for the next LASCO Top Cop, winner of the annual LASCO/JCF Police Officer of the Year Award.

The 2019 programme rained in a robust week of activities which included a community volunteer project, courtesy call with the Governor General and a nationally televised interview featuring all 12 JCF finalists. Highlighting the works and impact of these distinguished officers, the Police Officer of the Year Award Ceremony recognised the contributions of 32 officers including area and divisional finalists from across the island.

At the end of the ceremony, LASCO and the JCF awarded Woman Corporal Samantha Brown-Thompson the LASCO/JCF Police Officer of the Year 2019/20, for her outstanding work with youth in the community of Guys Hill in St. Catherine (North Division). She was awarded the coveted trophy, a cash award of \$350,000 and a range of LASCO gift prizes. Detective Sergeant Adrian Brown of the Counter-Terrorism and Organised Crime Division (C-TOC) and Constable Oliver Livingston of the St. Andrew Central Division were named first and second runners-up respectively, and were presented with a cash prize of \$250,000 and \$100,000.

Corporal Oliver Dixon won the title of the Most Popular Top Cop in the fifth LASCO/JCF Social Media Award for the Popular Vote.



LASCO/Jamaica Constabulary Force (JCF) 2019/20 Police Officer of the Year Woman Corporal Samantha Brown-Thompson (centre) shows off her winning trophy at the awards ceremony on Monday, May 27, 2019. Sharing in the special moment are Minister of National Security, The Honourable Dr. Horace Chang (left), MP and The Honourable Lascelles Chin.



LASCO/Jamaica Constabulary Force (JCF) 2019/20 Police Officer of the Year Woman Corporal Samantha Brown-Thompson (centre), second runner-up Constable Oliver Livingston (left) of the St. Andrew Central Division and first runner-up Detective Sergeant Adrian Brown of the Counter-Terrorism and Organised Crime Division (C-TOC) show off their trophies.

Education

LASCO knows that education is a powerful agent of change that goes hand in hand with national development and can drive long-term economic growth. Our support of both dynamic and annual programmes focus on teaching our youth adaptive techniques for success in our changing world.

Wednesday, July 31, 2019, LASCO Curves brand recognised seven accomplished young ladies from schools across Jamaica for their outstanding achievement during their 2019 Primary Exit Profile (PEP) Examinations. The young ladies awarded were chosen from all six regions under the Ministry of Education, Youth and Information (MoEYI) and one top performing child of a LASCO employee.



From left are: Tyrecia Lattibeaudiere, Barracks Road Primary; Tashi Coombs, Jessie Ripoll Primary; Kereen Reid-Clarke, Community Relation Education Officer at the Ministry of Education, Youth and Information, Region 6; Merisha Miller, St. Catherine Primary; Ashiekie Hamilton, St. Peter Claver Primary; Abrianna Greaves, Servite Primary; Jada Minott, McIntosh Memorial; Renee Rose, Brand Manager for LASCO Curves and Tonice Davis, Lyssons Primary.

The exemplary young ladies showed unwavering dedication to their studies, representing some of the best in the country. Each received Curves, LASCO's line of sanitary napkins and a scholarship to enter their secondary education totaling \$350,000 for the seven young ladies.

LASCO began Child's Month, May 2019 with a host of activities involving our education ambassadors. On Read Across Jamaica Day Tuesday, May 7, 2019 both the 2018/19 Teacher of the year Amorkard Brown and Principal of the year Margaret Campbell took to various schools hosting open reading events throughout the day. Members of the LASCO staff accompanied by LASCO Food Drink's Nutriman also participated in the Kingston Bookshop Read Across Jamaica Day events, engaging over 240 students across Kingston and St. Andrew in a day of reading geared towards improving literacy at the primary level.



LASCO Food Drink Nutriman shows students just how fun reading can be during an interactive session for grades one to three students sponsored by LASCO Food Drink.

Brown also concluded the month of activities by hosting the fourth Annual National First Form Science Extravaganza at Monroe College School Auditorium on Friday, May 31, 2019. The event featured designs from over a dozen traditional high schools across the country interpreting the theme "Making Jamaica the Home of Climate Resilient Buildings".

The LASCO/MoEYI Teacher and Principal of the Year Awards 2019/20, culminated on Monday, December 2, 2019 and recognised even more educators for their selfless works and excellence as they continue to guide Jamaica's future leaders.

Science Teacher at Immaculate Conception High School, Bhagya Malladi, was hailed the LASCO/MoEYI Teacher of the Year 2019/20 and Lynton Weir, the Principal of Old Harbour High claimed the LASCO/MoEYI Principal of the Year 2019/20 to prize. Along with their champion trophies, the LASCO/MoEYI Teacher and Principal of the Year received cash prizes valued at \$250,000 each and the opportunity to attend the 2020 Association for Supervision and Curriculum Development (ASCD) Conference. The ASCD conference initially slated for March was subsequently cancelled due to the COVID-19 pandemic. The ambassadors will have the opportunity to attend the 2021 conference.

Also lauded were the first and second runners-up respectively in the Teacher of the Year category, Rohan Walcott of deCarteret High and Marsha Russell of Porus High. The runners-up for the Principal of the Year were Aretha Willie of George Headley Primary School and Dameian Elvin from Hague Primary and Infant School, first and second respectively.

For the first year LASCO invited the Ministry of Education, Youth and Information's TVET Teacher of the Year finalists to the awards procession. Kevin Coke from Herbert Morrison Technical High School took the award for the 2019 TVET Teacher of the Year. All awardees received plaques, gift certificates and gift baskets courtesy of LASCO.

Environment

LASCO ReLeaf Environmental Awareness Programme (REAP) Initiative celebrated its seventh year of raising awareness of good environmental practices by mobilising children at the primary education level. The awards are presented to the schools with the highest accumulating points based on pre-set criteria and seek to encourage green living in society.

At the ceremony on Thursday, June 6, 2019, Bath Primary and Junior High School was declared the overall winning school, with a prize of 10 computers for their school courtesy of LASCO REAP and the title of Most Trees Planted with a whopping 5,120 trees.

In second place is Priory Primary in St. Ann. They also copped the LASCO iCool/iDrade Recycling prize for most bottles collected with a grand total of 198,600 bottles and St. James' Barracks Road Primary took third place.

Gearing for the 2019/20 competition LASCO and REAP co-ordinators hosted several launch events across the island under the theme "Turning Over a New Leaf", the competition is set to include powerful and energetic messages for protecting and preserving our environment together.



James Rawle (left), managing director of LASCO Manufacturing Limited and Dr Grace McLean (right), acting permanent secretary of the Ministry of Education, Youth and Information (MoEYI) present Old Harbour High School's Lynton Weir with his winning trophy and cheque.



The Honourable Lascelles Chin (left) and Dr Grace McLean (right), acting permanent secretary of the Ministry of Education, Youth and Information (MoEYI) present LASC/MoEYI 2019-20 Teacher of the Year Bhagya Malladi with her trophy.



Herbert Morrison Technical High School's Kevin Coke (centre) beams after being named the Technical and Vocational Education and Training (TVET) Teacher of the Year at the LASCO/Ministry of Education, Youth and Information 2019-20 awards luncheon. Proudly presenting the award were The Honourable Lascelles Chin (left) and Dr Grace McLean (right), acting permanent secretary of the Ministry of Education, Youth and Information.



Senator The Honourable Kamina Johnson Smith Minister of Foreign Affairs and Foreign Trade presents the second-place trophy to Priory Primary School's Mikayla Minto, principal Dwight Minto, and Kishima Black at the 2018-2019 LASCO Releaf Environmental Awareness Programme (REAP) annual awards ceremony. Sharing the moment are (from left) LASCO Distributors Limited marketing manager-consumer division Omar Palmer; LASCO Chin Foundation CEO Professor Rosalea Hamilton; teacher Harris Williams and LASCO Distributors beverage marketing manager Danielle Cunningham.



Bath Primary and Junior High teachers Marie Bennett (second left) and Beverley Edmonson-Edwards (right) hug Grade five student Kenrick Samuels (left) and deputy head boy Dajhray Desouza after the school is announced the overall winner of the 2018-2019 LASCO Releaf Environmental Awareness Programme (REAP) annual awards ceremony at the Jamaica Pegasus on Thursday, June 6, 2019.

MARKETING HIGHLIGHTS

Throughout the financial year 2019-2020 LASCO Distributors Limited Marketing Team engaged a wide cross section of consumers with varying promotional activities such as live demonstrations, promotions of new products, mega Christmas consumer giveaways all while offering our consumers some of the most cost effective and innovative products in the marketplace.

LASCO Personal Care

LASCO Distributors works closely with oral health organizations across the island to host sampling sessions and live demonstrations at schools, health fairs and conferences, activities at these events are tailored to engage patrons and build awareness of proper oral health hygiene practices and even distribute samples from LASCO Toothpaste and Personal Care lines.

One such event was the Oral Health Month Fair held by the Jamaica Dental Association on October 9, 2019 at the Girl Guides Headquarters in Kingston. In observance of Oral Health Month patrons and students were invited to attend the free admission event. Many were treated to teeth examinations, nutritious meals and LASCO Food Drink sampling. The children also participated in fun games like coloring activities and were rewarded with LASCO Toothpaste sample care packages.



Renee Rose (right), LASCO Toothpaste Brand Manager joins Cockburn Gardens Primary and Junior High Grade 5 Students (from left) Brittany Graham, Tianna Thompson, Nordia Seivwright and Teacher Shimmouya Britton.

LASCO was named the official personal care sponsor for the 2019 Miss Universe Jamaica Pageant. Through our Curves Sanitary Napkins and LASCO Toothpaste lines we were well branded at every event and broadcast activity. As a major sponsor we received the opportunity to sash a contestant entering Miss Aiysha Hemmings as Miss Curves 2019.

The 18 amazing finalists participated in discussions surrounding personal health development, hygiene and building confidence, presented by the Nurse Kiesha Riley-Harrow, 2019/20 LASCO/NAJ Nurse of the Year. LASCO's personal care product range was on full-display. Each contestant received a 'swag bag' filled with LASCO samples, which encouraged a stronger brand resonance at the different appearances.



Miss Curves Aiysha Hemmings (centre) shares alongside Karl Williams, co-principal of Uzuri International and President of the Miss Universe Jamaica franchise and Renee Rose (right), Brand Manager for LASCO Curves during a launch ceremony for the 2019 staging of the pageant.



Miss Curves Aiysha Hemmings shows off her stunning figure while modelling her Dermoth Williams-designed swimwear during the Top 10 swimsuit competition during the Miss Universe Jamaica 2019 Grand Coronation.



Top 6 finalist in the Miss Universe Jamaica 2019 pageant Miss Curves Aiysha Hemmings (right) rushes to congratulate roommate and friend, Iana Tickle Garcia after she was crowned Miss Universe Jamaica 2019 at the Grand Coronation.

LASCO Curves partnership with organisations like Welnspire and Her Flow Foundation enables our brand to reach and inspire young girls and women across the island to recognise their own strength, beauty and to elevate themselves to be better women. Through events like We Inspire Women and Girls School Tour the Curves team visited several schools across the island conducting workshops and open forum discussions that focus on education, career, and lifestyle choices for young ladies across the island.

The Her Flow Foundation team also worked with us across the country to increase “period awareness” amongst young girls and boys and to nullify the stigma associated with menstruation through school visits and seminars. For many of the boys this was their first ever conversation about period awareness, which proved very essential as they too can offer support to females as they are the future husbands and fathers of the world. Rounding out these sessions LASCO Curves conducted demonstrations of proper sanitary napkin use, menstrual hygiene and provided personal care sample packages for the ladies in attendance.

TVJ'S SCHOOLS' CHALLENGE QUIZ

Education is a key cornerstone at LASCO. We continue to support the spirit of quiz with our delicious and nutritious meal supplement LASCO Food Drink, as Main Sponsors of TVJ's School's Challenge Quiz. This year, we ensured that all 64 schools were refreshed with LASCO Food Drink Smoothies on each match day much to the delight of the students. However, the 2020 season faced a premature suspension due to school closures as a result of the COVID-19 pandemic.

LASCO joined teachers, coaches and parents in celebrating the return of the 51st season of Schools Challenge Quiz. In true Jamaican style, the students displayed resilience, courage and determination as the season resumed in June 2020 with the 8 remaining school vying for the coveted Champion Title. At the sound of the final bell, six-time winner Ardenne High School claimed their victory over defending champions St. Jago High School. LASCO committed total prizes valued at \$500,000 including Cash Prizes of \$200,000 – 1st Place, \$120,000 – 2nd Place, \$80,000 – 3rd Place, School Breakfast Programme for the top school in each county and Gift Baskets for the final 4 teams and their coaches.



Kandise Morgan-Small (far left) LASCO Food Drink Brand Manager and Omar Palmer Marketing Manager at LASCO Distributors Limited celebrate a historic School's Challenge Quiz victory alongside champions Ardenne High School. Pictured from left are: Team Captain Kelsi Grant, Kaif Bailey, Deriece McKenzie and Chaunte Blacwood.



From Left: Kandise Morgan-Small LASCO Food Drink Brand Manager presents Team Captain Kelsi Grant, Winners Ardenne High School Schools' Challenge Quiz Team with cash prize of \$200,000.



From Left: Kandise Morgan-Small LASCO Food Drink Brand Manager presents runners up, St. Jago High Schools' Challenge Quiz Team member Courtney McGregor with cash prize of \$120,000.

SunCity Bubble Di Pot

LASCO sponsored the 5th annual Sun City Bubble Di Post Celebrity Cook Off on Friday, October 4, 2019. Held at the St William Grant Park in Downtown Kingston this event was a big success, patrons, fans and passers-by were entertained throughout the day watching noted celebrities showcase their culinary skills using everyday ingredients.

Many of the LASCO consumer division products featured included LASCO Coconut Milk Powder, Oats, Corned Beef, Butter Bean, Baked Bean, and the very popular LASCO Jack Mackerel. Celebrities competed for a cash prize, which was donated to a charity of their choice.

The cash prizes are \$25,000 (first place), second place \$15,000, and \$10,000 (third place) in various culinary categories. In addition to our sponsorship and donated product LASCO provided a number of gift baskets as prizes and giveaways to the audience.

At the end of the day singer GWizz and wife Devene walked away with the top breakfast prize \$25,000 for charity by preparing LASCO Mackerel and vegetable stew with fried dumplings, LASCO Oats Porridge garnished with ripe banana and strawberry and topped off with a fruit smoothie.



Recording artist G-Whizz (left) and Devene show-off their prize alongside Jody-Ann Jones LASCO brand manager for canned goods and general groceries.



Miss Universe Jamaica 2019 Iana Tickle Garcia (left) shares a sweet LASCO treat with her brother Kevaughn Prout.



LASCO Brand Manager for Canned Foods and General Groceries Jody-Ann Jones (centre) presents Dancehall artist Bascom X (left) and Curtis Marshall with their prizes.

Bramaican Breakfast

LASCO Corned Beef received center focus at the 'Bramaican Breakfast' kick-off event hosted by the Embassy of Brazil on June 9, 2019. The attendees ranged from diplomats to government officials and ambassadors as they gathered at the Brazilian Embassy in St Andrew to watch the FIFA Women's World Cup match between Jamaica and Brazil. The Reggae Girlz World Cup Watch Party, featured a 'Corned Beef Chefs Competition' with corned beef supplied exclusively by LASCO.



Sherianne Hart (left), Salada Brand Manager at LASCO Distributors and Jody-Ann Jones (second left), Brand Manager, Canned Foods and General Grocery cheer on the Reggae Girlz during a tense moment at the Brazilian Embassy-hosted watch party 'Bramaican Breakfast'. Sharing in the excitement are Tameka Singh-Kellier (centre), LASCO Distributors Baby Care & Breakfast Brand Manager and Omar Palmer LASCO Distributors Limited Marketing Manager-Consumer Division.



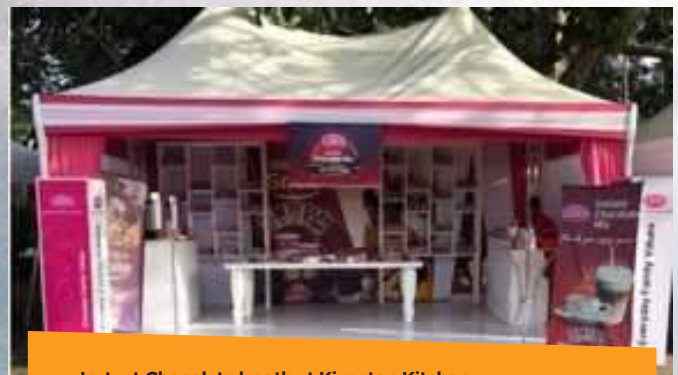
Franz Hall (left), Acting Director of Protocol, Ministry of Foreign Affairs and Foreign Trade; Shorna-Kay Richards (second left), Director of Bilateral Relations Department Ministry of Foreign Affairs and Foreign Trade; Tameka Singh-Kellier (second right), LASCO Distributors Baby Care & Breakfast Brand Manager and Brazilian Ambassador to Jamaica, Carlos Alberto M. den Hartog get ready to watch the historic Reggae Girlz World Cup debut.



LASCO Chin Foundation CEO Professor Rosalea Hamilton gets excited while cheering on the Reggae Girlz at the Brazilian Embassy-hosted watch party 'Bramaican Breakfast'.

LASCO at Kingston Kitchen

LASCO Breakfast category featured several dishes at the annual Kingston Kitchen Night Market on Saturday July 27, on the lawns of the Hope Gardens. Hundreds of foodies descended on the LASCO Instant Chocolate booth where they were treated to LASCO Instant Chocolate Mix baked treats and other delights. The event featured over 70 vendors with a delicious selection of pop-up kitchens, food trucks and gourmet artisans promoting new and improved products.



Instant Chocolate booth at Kingston Kitchen

LASCO Win Yuh Christmas Wish



Jamaicans had another great reason to shop LASCO over the 2019 holiday season with the 'LASCO Win Yuh Christmas Wish' Promotion.

The six-week long promotion, the first-of-its-kind for LASCO kicked off on November 25, 2019 and ended December 31, 2019. Not only did we tap into traditional media outlets – press, radio and TV; we also relied heavily on trade engagements and digital media to reach our consumers. We engaged in outside broadcasts at key town centres across the island to pop-ups at major traffic intersections. Our Mobile Sound and LASCO 'Skankas' Dancers were a hit with consumers and the general public alike.

The Win Yuh Christmas Wish promotion introduced consumers to a diverse digital approach to entering the competition, which featured a unique platform, GEO-targeted SMS (text messaging) blasts and energetic social media.

Consumers were required to purchase any five LASCO-branded products bought from their favourite supermarkets, small shops or wholesales. These entries were the mailed to the LASCO's P.O. Box or a picture of their receipts uploaded to our customised digital platform. This platform is a revolutionary achievement for LASCO's consumer promotions.

All entrants got the chance to win the ultimate prize of an all-expense paid trip for two to the summer games in Tokyo, Japan or a 2020 Toyota Yaris. In addition, over a 25-day period, 125 lucky shoppers also won \$10,000 each in the daily cash prizes section which was announced live on Mello FM each day.

As a means of integrating and leveraging the products from our sister company LASCO Financial Services Ltd, we utilised their LASCO Pay cards to disburse the cash to the 125 lucky winners of \$10,000.

The overall prizes for the LASCO Win Yuh Christmas Wish promotion totaled \$6 million, inclusive of grand prize.



The Honourable Lascelles Chin (right) congratulates Shane Richard, Grand Prize Winner of the LASCO Win Yuh Christmas Wish promotion.

Press ad with some of the lucky daily prize winners of \$10,000

FunFest

Funfest is the premiere family fun day event in the corporate area hosting 3 annual events which LASCO Distributors through our LASCO iCool and LASCO Food drink brands, partnered with organizers Famfun Entertainment to hit off the 2020 series with the first staging on January 1, 2020.



Over 11,000 patrons; children and their families, descended on the Lawns of Hope Gardens on New Year's Day, January 1, 2020 for the first event of the series. This year we improved access to our refreshing LASCO Food Drink smoothies by adding an additional tent in the food court which resulted in a 53% increase in sales.

Funfest attracted a mixed crowd of patrons including those from 'uptown, mid-town and 'round town'. Packed with rides, face painters, games and live entertainment for the kids, teens and even adults



FunFest patrons enjoying LASCO Food Drink Bobbing Game

LASCO iCool Juice Drink Superstakes Weekend

Through our brands LASCO Food Drink, iCool Water, Mackerel, Oats, Lyrix and Konka, LASCO delivered a memorable and exciting LASCO iCool Superstakes Weekend for horse racing fans for the 41st staging of the Superstakes. Held from October 5-6, 2019 all 21 races were named from the various LASCO products ranging from LASCO Food Drink to iCool flavoured water to LASCO Mackerel LASCO boasted an overall purse value of \$6 million, making it one of the biggest purse at the Superstakes and the largest corporate sponsorship from an organization in the Superstakes history.

The event which featured 21 races over 2 days saw 6 additional events being added to the programme awarding the Championship Purses to the Best Trainer, Jockey and Groom in the iCool Water Race; iCool Fruit Punch Race; iCool Guava Pine Race; iCool Flavoured Water Race; iCool Strawberry Banana Race and the iCool Melon Berry Race.



LASCO iCool Superstakes Weekend was a grand experience for horse racing fans. Our involvement with the event was enhanced with giveaways and sampling by the LASCO brands they know and love including: LASCO Food Drink, iCool water & Juice drinks, Mackerel, Oats and Konka energy drink.



The fashion-savvy ladies of LASCO Distributors Limited came out in their numbers to support the LASCO iCool Superstakes Weekend. From left: Corporate Programs Manager Renee Rose, Brand Manager Jody-Ann Jones and Brand Manager Tameka Singh-Kellier.



LASCO Distributors Limited Beverage Marketing Manager Danielle Cunningham (centre) joins The Honourable Lascelles Chin (second right) and champion racehorse trainer Wayne Dacosta (second left) in celebrating a spectacular win by She'sAManeater at the LASCO iCool Superstakes Weekend. Sharing the moment (from left) are: She'sAManeater Half-Owner Elizabeth Dacosta and LASCO Distributors Limited Marketing Manager - Consumer Division Omar Palmer.

LASCO PHARMECUTICALS DIVISION

MEDICAL ASSOCIATION OF JAMAICA (MAJ) ANNUAL SYMPOSIUM

The Medical Association of Jamaica (MAJ) Annual Symposium and Awards Banquet was held on June 06, 2019, under the theme "Environmental Health Hazards and Communicable Disease". The symposium provided for medical practitioners and health care providers with a comprehensive overview of common physical, chemical, biological, ergonomic and psychosocial environmental hazards which pose a clear and present danger to humanity, resulting in a plethora of acute and chronic communicable and non-communicable diseases.



The Pharmascience Team share a moment in the spotlight (from left) Medical Representatives Cheree Saunders; Twyla Ben; Annmarie Morgan and Sales and Marketing Supervisor Kent Williams.



From left: Consultant Urologist Dr. Mark Young chats with Pharmascience Medical Representatives Twyla Ben and Cheree Saunders.

PHARMACEUTICAL SOCIETY OF JAMAICA (PSJ) 34th ANNUAL PHARMACEUTICAL CONFERENCE

LASCO continues to strengthen relationship with the Pharmaceutical Industry and as such, take pride in being one of the sponsors of the PSJ Annual Pharmaceutical Conference.

Last year the conference was held on September 27 - 29, 2020 under the theme: "Access to Pharmacists is Access to Health". The booth featured key brands such as CIPLA and MSN and captured the interest of all Pharmacists, Pharmacy Technicians and Pharmacy Owners.



Center Mrs. Maxine Wright, CIPLA Sales and Marketing Supervisor all smiles for the camera with Pharmacists who visited the booth.



Arlene Thorbourne, Director of Pharmacy, University Hospital of the West Indies joined in on the fun "Pin The Pharmacist" and won herself a LASCO basket.



Tracy-Ann Red(left), LASCO Rx Sales and Marketing poses with Shari-Lee Reid, Pharmacist, Andrew's Memorial Hospital Pharmacy.

PHARMASCIENCE ANNUAL CONTINUED EDUCATION SEMINAR

Pharmascience Annual Pharmacy Continued Education Seminar was September 15, 2019 under the theme “Agents of Change, The Schoolers Edition”. The seminar provides an opportunity interact with pharmacists and technicians, and strengthen relationship.



The Pharmascience Team show their support for the theme of the event (from left) Medical Representatives Cheree Saunders; Twyla Ben; Annmarie Morgan and Sales and Marketing Supervisor Kent Williams.



Consultant Urologist Dr. William Aiken (centre), shares a happy moment alongside these pharmacists.



The Honourable Lascelles Chin (centre) join pharmacists (from left) Juanette Morrison-Wright; Pharmacy Technician Karen Green;; Terriann Thompson-Smith; Audrey Cowan and Leslie-Ann Kelly.

NEW PRODUCTS FEATURES



iCool Reduced Sugar Juice Drink

LASCO continues to evolve to meet consumer demand. In September 2019, we proudly introduced the newest juice drink variant, iCool Reduced Sugar Juice Drink, which contains 50% less sugar than the regular iCool drink to households across Jamaica.

Our iCool Reduced Sugar Juice Drink is equivalent to four grams of sugar per 100 ml, which is in compliance with the Ministry of Health and Wellness' guidelines for sugary drinks allowed in schools up to 2021. The tasty juice drink variant is produced in an assortment of flavours including Fruit Punch, MelonBerry, Grape and GuavaPine and packaged in PET (plastic) bottles.

LASCO iCool Reduced Sugar flavours join the full range of iCool Juice Drinks in stores island-wide.

LASCO Instant Chocolate Pouches - 8oz, 12oz, 20oz

The LASCO Instant Chocolate Mix line is stirring up more smiles with the addition September 2019 of our Chocolate mix in a re-sealable pouch format, in three sizes of eight ounces, 14 ounces and 20 ounces.

This creamy and delicious cocoa mix product is dairy free offering consumers a cost-effective and innovative product within the current portfolio.

LASCO iCool Reduced Sugar flavours join the full range of iCool Juice Drinks in stores island-wide.



Curves Long Liners

The sanitary napkins line was extended in October 2019 with the addition of a longer pantyliner variant available in a 30-pack. The long liners will meet the different daily needs of females who are looking for ultra-comfort in panty liners.



Value Pack Toothpaste

The toothpaste line was extended in February 2020 with a value two-pack available in Triple Care and Whitening with tartar control variants. Consumers got lots more to smile about with savings of 20 per cent on the value-pack compared to purchasing two single units.

Strong. Resilient. Beautiful.

Curves



#BeTheWoman



Available in cotton and silk.
The perfect overnight protection

curvesjamaica  
www.lascojamaica.com





FINANCIAL STATEMENTS

Independent Auditors' Report to the Members	58-62
FINANCIAL STATEMENTS	
Statement of Profit or Loss and Other Comprehensive Income	63
Statement of Financial Position	64
Statement of Changes in Equity	65
Statement of Cash Flows	66
Notes to the Financial Statements	67-105



Tel: (876) 926-1616/7, 926-4421
Fax: (876) 926-7580
www.bdo.com.jm

Chartered Accountants
26 Beechwood Avenue
P.O. Box 351
Kingston 5, Jamaica

INDEPENDENT AUDITORS' REPORT

To the Members of
Lasco Distributors Limited

Report on the Financial Statements

Opinion

We have audited the financial statements of Lasco Distributors Limited set out on pages 63 to 105, which comprise the statement of financial position at 31 March 2020, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Partners: R.L. McFarlane, K.A. Wilson, S.M. McFarlane, J. Green-Hibbert, D. Hibbert
Offices in: Montego Bay, Mandeville and Ocho Rios
BDO is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Lasco Distributors Limited

Key audit matters (cont'd)

Key audit matter	How the matter was addressed in our audit
<p><i>Expected credit losses in relation to financial assets.</i></p> <p>See notes 3(m)(iii), 5(c)(ii) and 19 to the financial statements for management's related policies and disclosures.</p> <p>Trade receivables amounted to \$2.36 billion at 31 March 2020 and expected credit losses was estimated at \$57.44 million.</p> <p>Management makes judgement regarding the collectability of receivables by making certain assumptions and judgements in arriving at the provision for impairment. The company estimates expected credit losses (ECL) on trade receivables using a provision matrix based on historical credit loss experience. Customers were placed in aging buckets and a default risk percentage calculated using the incurred loss analyses over delinquent accounts, the credit history, risk profile of each customer and the aging of receivables.</p>	<p>The company's accounting policy as it relates to the impairment provision for trade receivables was obtained and the reasonableness of the accounting policy assessed in relation to the requirements of the relevant standard. This was achieved by:</p> <ul style="list-style-type: none"> • We established an understanding of management's ECL model including source data, the effectiveness of the implementation and the mathematical accuracy of the model. We tested the reliability of the source data used in the design of the model by confirming a sample to the historical data. • Testing manual and automated controls over the aging of receivables. Our testing of automated controls involved using our own information technology specialist to test the design, implementation and operating effectiveness of the automated controls. • We evaluated the appropriateness of management's assumptions and judgement in arriving at the forward looking multiple, by assessing the basis of the multiple economic scenarios used and the weighting assigned by management. The main macro factors used were compared to external public information and calculations tested through recomputation. • We determined whether the default risk percentage was accurately calculated and correctly applied to the relevant buckets of accounts receivable. <p>Based on the audit procedures performed, no adjustments to the financial statements were deemed necessary.</p>



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Lasco Distributors Limited

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Lasco Distributors Limited

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Lasco Distributors Limited

Report on additional matters as required by the Jamaican Companies Act

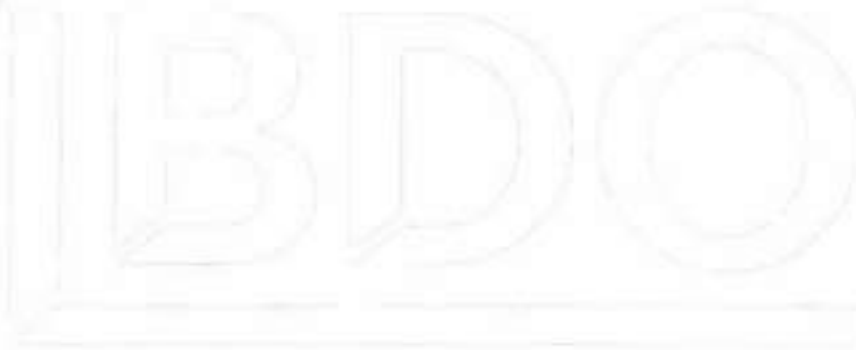
We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Donna Hobson.

Chartered Accountants

27 May 2020



LASCO DISTRIBUTORS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2020

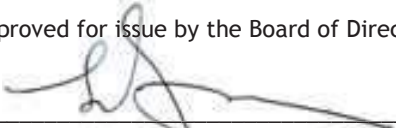
	<u>Note</u>	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
REVENUE	7	19,496,216	18,130,689
COST OF SALES		<u>(15,719,779)</u>	<u>(14,581,800)</u>
GROSS PROFIT		3,776,437	3,548,889
Other operating income	8	<u>130,332</u>	<u>136,006</u>
		<u>3,906,769</u>	<u>3,684,895</u>
EXPENSES:			
Administrative and other expenses		(2,370,450)	(2,203,261)
Selling and promotion expenses		<u>(702,850)</u>	<u>(775,775)</u>
	9	<u>(3,073,300)</u>	<u>(2,979,036)</u>
OPERATING PROFIT		833,469	705,859
Finance costs	11	<u>(15,204)</u>	<u>(13,917)</u>
PROFIT BEFORE TAXATION		818,265	691,942
Taxation	12	<u>(92,509)</u>	<u>(94,161)</u>
NET PROFIT FOR THE YEAR		725,756	597,781
OTHER COMPREHENSIVE INCOME:			
Item that will not be reclassified to profit or loss -			
Share option plan	26(b)	453	118
Unrealised (losses)/gains on financial instruments		<u>(57,011)</u>	<u>12,709</u>
TOTAL COMPREHENSIVE INCOME		<u>669,198</u>	<u>610,608</u>
EARNINGS PER STOCK UNIT	13		
Basic		<u>21.32¢</u>	<u>17.51¢</u>
Diluted		<u>21.27¢</u>	<u>17.46¢</u>

LASCO DISTRIBUTORS LIMITED
STATEMENT OF FINANCIAL POSITION


31 MARCH 2020

	<u>Note</u>	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
<u>ASSETS</u>			
NON-CURRENT ASSETS:			
Property, plant and equipment	14	1,922,116	1,834,487
Intangible assets	15	85,418	113,362
Right-of-use assets	16(a)	12,132	-
Financial assets	17	<u>281,260</u>	<u>53,773</u>
		<u>2,300,926</u>	<u>2,001,622</u>
CURRENT ASSETS:			
Inventories	18	2,375,149	2,467,632
Receivables	19	2,863,479	2,570,870
Related companies	20	65,107	77,858
Directors' current account	20	4,361	12,359
Taxation recoverable		2,010	1,707
Short term investments	21	75,704	196,817
Cash and cash equivalents	22	<u>1,471,891</u>	<u>1,310,797</u>
		<u>6,857,701</u>	<u>6,638,040</u>
		<u>9,158,627</u>	<u>8,639,662</u>
<u>EQUITY AND LIABILITIES</u>			
EQUITY:			
Share capital	23	469,072	467,739
Revaluation reserve	24	75,387	75,387
Fair value reserve	25	(44,302)	12,709
Other reserve	26(c)	9,797	9,697
Retained earnings		<u>5,198,395</u>	<u>4,623,455</u>
		<u>5,708,349</u>	<u>5,188,987</u>
NON-CURRENT LIABILITIES:			
Long term loans	27	13,333	93,333
Deferred tax liability	28	42,682	20,283
Lease liability	16(b)	<u>9,623</u>	<u>-</u>
		<u>65,638</u>	<u>113,616</u>
CURRENT LIABILITIES:			
Payables	29	3,269,007	2,842,566
Short term loan	30	-	200,000
Current portion of long term loans	27	80,000	246,667
Current portion of lease liability	16(b)	2,851	-
Taxation		<u>32,782</u>	<u>47,826</u>
		<u>3,384,640</u>	<u>3,337,059</u>
		<u>9,158,627</u>	<u>8,639,662</u>

Approved for issue by the Board of Directors on 27 May 2020 and signed on its behalf by:



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



Colin Maxwell
Director

LASCO DISTRIBUTORS LIMITED
STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2020

	<u>Note</u>	<u>Share Capital \$'000</u>	<u>Revaluation Reserve \$'000</u>	<u>Fair Value Reserve \$'000</u>	<u>Other Reserve \$'000</u>	<u>Retained Earnings \$'000</u>	<u>Total \$'000</u>
BALANCE AT 1 APRIL 2018		<u>428,782</u>	<u>75,387</u>	<u>-</u>	<u>23,252</u>	<u>4,025,908</u>	<u>4,553,329</u>
TOTAL COMPREHENSIVE INCOME							
Net profit		-	-	-	-	597,781	597,781
Other comprehensive income		-	-	12,709	118	-	12,827
		<u>-</u>	<u>-</u>	<u>12,709</u>	<u>118</u>	<u>597,781</u>	<u>610,608</u>
TRANSACTION WITH OWNERS							
Issue of shares	23	25,284	-	-	-	-	25,284
Transfer from other reserves	26(c)	13,673	-	-	(13,673)	-	-
Dividends paid	31	-	-	-	-	(234)	(234)
		<u>38,957</u>	<u>-</u>	<u>-</u>	<u>(13,673)</u>	<u>(234)</u>	<u>25,050</u>
BALANCE AT 1 APRIL 2019		<u>467,739</u>	<u>75,387</u>	<u>12,709</u>	<u>9,697</u>	<u>4,623,455</u>	<u>5,188,987</u>
TOTAL COMPREHENSIVE INCOME							
Net profit		-	-	-	-	725,756	725,756
Other comprehensive income		-	-	(57,011)	453	-	(56,558)
		<u>-</u>	<u>-</u>	<u>(57,011)</u>	<u>453</u>	<u>725,756</u>	<u>669,198</u>
TRANSACTION WITH OWNERS							
Issue of shares	23	980	-	-	-	-	980
Transfer from other reserves	26(c)	353	-	-	(353)	-	-
Dividends paid	31	-	-	-	-	(150,816)	(150,816)
		<u>1,333</u>	<u>-</u>	<u>-</u>	<u>(353)</u>	<u>(150,816)</u>	<u>(149,836)</u>
BALANCE AT 31 MARCH 2020		<u>469,072</u>	<u>75,387</u>	<u>(44,302)</u>	<u>9,797</u>	<u>5,198,395</u>	<u>5,708,349</u>

LASCO DISTRIBUTORS LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2020

	<u>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit	725,756	597,781
Items not affecting cash resources:		
Unrealised exchange loss on foreign balances	16,090	63,271
Loss on disposal of property, plant and equipment	8,400	-
Stock options - value of services expensed	453	118
Depreciation and amortisation	164,780	146,826
Right-of-use asset	3,032	-
Interest income	(9,118)	(19,204)
Interest expense	15,204	13,917
Taxation expense	<u>92,509</u>	<u>94,161</u>
	1,017,106	896,870
Changes in operating assets and liabilities:		
Inventories	92,483	15,790
Receivables	(316,477)	(136,308)
Directors' current account	7,998	5,976
Payables	442,887	(359,545)
Related companies	<u>12,751</u>	<u>(39,354)</u>
	1,256,748	383,429
Taxation paid	<u>(85,457)</u>	<u>(84,040)</u>
Cash provided by operating activities	<u>1,171,291</u>	<u>299,389</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Short term investments (note 22c)	125,963	(80,401)
Financial assets at fair value through other comprehensive income (note 22b)	(284,498)	(43,291)
Interest received	9,740	17,811
Purchase of intangible software	-	(7,736)
Purchase of property, plant and equipment	<u>(232,865)</u>	<u>(471,984)</u>
Cash used in investing activities	<u>(381,660)</u>	<u>(585,601)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issue of shares	980	25,284
Interest paid	(15,204)	(13,917)
Dividends paid	(150,816)	(408,138)
Loan received	-	400,000
Loan repayments	(446,667)	(121,666)
Lease payment	<u>(2,690)</u>	<u>-</u>
Cash used in financing activities	<u>(614,397)</u>	<u>(118,437)</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	175,234	(404,649)
Exchange effect on foreign cash balances	(14,140)	(3,808)
Cash and cash equivalents at beginning of year	<u>1,310,797</u>	<u>1,719,254</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (note 22)	<u>1,471,891</u>	<u>1,310,797</u>

LASCO DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

1. **IDENTIFICATION AND PRINCIPAL 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. The company is listed on the Junior Market of the Jamaica Stock Exchange.
- (b) The principal activity of the company is the distribution of pharmaceuticals and consumable items. The company also exports some of its consumable items.

2. **REPORTING CURRENCY:**

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). These financial statements are presented in Jamaican dollars, which is considered the company's functional and presentation currency.

3. **SIGNIFICANT ACCOUNTING POLICIES:**

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented. Amounts are rounded to the nearest thousand, unless otherwise stated.

(a) **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings. They are also prepared in accordance with requirements of the Jamaican Companies Act.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

New, revised and amended standards and interpretations that became effective during the year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The company has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following interpretations and amendments are relevant to its operations:

LASCO DISTRIBUTORS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

New, revised and amended standards and interpretations that became effective during the year (cont'd)

IFRS 16, 'Leases', (effective for accounting periods beginning on or after 1 January 2019). The new standard eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with IAS 17. Leases are now recorded in the statement of financial position by recognizing a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognized lease assets and financial liabilities. An optional exemption exists for short term and low-value leases. The accounting by lessors will not significantly change.

IFRIC 23, 'Uncertainty over Income Tax Treatments,' (effective for accounting periods beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income Taxes', are applied where there is uncertainty over income tax treatments. The IFRIC had clarified previously that IAS 12, not IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over tax treatments. There was no impact on the company's financial statements from the adoption of this standard.

New standards, amendments and interpretations not yet effective and not early adopted

At the date of authorization of these financial statements, there were certain new standards, amendments and interpretations to existing standards which were in issue but not yet effective and which the company has not early adopted.

The standards which management considered may be relevant to the company are as follows:

Amendments to IAS 1 and IAS 8 on the definition of material (effective for accounting periods beginning on or after 1 January 2020). These amendments to IAS 1, 'Presentation of Financial Statements', and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information. The adoption of this standard is not expected to have a significant impact on the company.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

New standards, amendments and interpretations not yet effective and not early adopted (cont'd)

Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform (effective for accounting periods beginning on or after 1 January 2020). These amendments provide certain reliefs in connection with interest rate benchmark reform. These reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect companies in all industries. The adoption of this standard is not expected to have a significant impact on the company.

(b) Foreign currency translation

Foreign currency translations are accounted for at the exchange rates prevailing at the dates the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in profit or loss.

(c) Property, plant and equipment

Items of property, plant and equipment are recorded at historical cost or deemed cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation on all other items of property, plant and equipment is calculated on the straight-line method to write off the cost of assets or the revalued amounts, to their residual values over their estimated useful lives. Land is not depreciated as it is deemed to have an indefinite life. The expected useful lives of the other property, plant and equipment are as follows:

LASCO DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(c) Property, plant and equipment (cont'd)

Buildings	40 years
Furniture and fixtures	10 years
Equipment	5 years
Motor vehicles	5 years
Computer	5 years

Gains or losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amounts and are included in profit or loss. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

(d) Intangible assets

Intangible assets represent computer software and distribution rights of CIPLA products. Computer software is deemed to have a finite useful life of five years and is measured at cost, less accumulated amortisation and accumulated impairment losses, if any. Distribution rights are deemed to have an indefinite life, are initially recognized at cost and reviewed annually for impairment losses.

(e) Inventories

Inventories are stated at the lower of cost and fair value less costs to sell, cost being determined on the first-in, first-out basis. Fair value less costs to sell is the estimated selling price in the ordinary course of business, less selling expenses.

(f) Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

(g) Revenue recognition

Sale of goods

Revenue is recognised at a point in time in the amount of the price, before tax on sales, expected to be received by the company for goods supplied as a result of their ordinary activities, as contractual performance obligations are fulfilled, and control of goods passes to the customer. Revenue is decreased by any trade discounts granted to customers.

LASCO DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(g) Revenue recognition (cont'd)

For contracts that permit return of goods, revenue is recognised to the extent that it is highly probable that a significant reversal will not occur.

The right to recover returned goods is measured at the former carrying amount of inventory less any expected cost to recover.

Interest income

Interest income is recognised in profit or loss using the effective interest method. The “effective interest rate” is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instruments to its gross carrying amount.

When calculating the effective interest rate for financial instruments, the company estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances and discounts.

Interest income is recognized in the income statement for all interest bearing instruments on an accrual basis unless collectibility is doubtful.

(h) Impairment of non-current assets

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash flows. Non financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

LASCO DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(i) **Investments**

Debt instruments

Investment securities are initially recognized at cost, which includes transaction costs and are classified as these to be measured subsequently at fair value through other comprehensive income. Management determines the appropriate classification of investments at the time of purchase based on the objectives of the company's business model for managing financial instruments and the contractual cash flow characteristics of the instruments. The assumption made by management is that these investment securities are managed within a business model of collecting contractual cash flows and to sell.

Equity instruments

The fair values of quoted instruments are based on the spread between the bid and ask prices at valuation date. Upon initial recognition, the company irrevocably classifies its equity instruments at fair value through other comprehensive income (FVOCI) when they meet the definition of equity under IAS 32, Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Equity instruments at FVOCI are not subject to an impairment assessment.

(j) **Current and deferred income taxes**

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The company's liability for current tax is calculated at tax rates that have been enacted at the reporting date.

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income or equity, in which case deferred tax is also dealt with in other comprehensive income or equity.

LASCO DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(k) Trade and other payables

Trade payables are stated at amortized cost.

(l) Employee benefits

(i) Defined contribution plan

The company operates a defined contribution pension plan which is funded by employees' contribution of 5% of salary and employer's contribution of 5%. Once the contributions have been paid, the company has no further obligations. Contributions are charged to the statement of profit or loss, in the year to which they relate.

(ii) Profit-sharing and bonus plan

The company recognizes a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's stockholders after certain adjustments. The company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(iii) Annual vacation leaves and other benefits

Employee entitlement to annual vacation leave and other benefits are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave and other benefits as a result of services rendered by employees up to the end of the reporting period.

(iv) Share-based compensation

The company operates an equity-settled share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense, with corresponding increase in equity, over the period in which the employee becomes vested to the company. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At the end of each reporting period, the company revises its estimates of the number of options that are expected to become exercisable.

It recognizes the impact of the revision of original estimates, if any, in the statement of profit or loss, and a corresponding adjustment to equity over the remaining vesting period.

The fair value of employee stock options is measured using a Black-Scholes-Merton formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), weighted average expected life of the instruments (based on historical experience and general option holder behaviours), expected dividends, and the risk-free interest rate (based on treasury bill rates). Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair value.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(m) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets

(i) Classification

The company classifies all its of financial instruments at initial recognition based on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets recorded at FVPL, transaction costs are added to, or subtracted from, this amount.

The company classifies its financial assets as those measured at amortised cost and fair value through other comprehensive income.

Amortised cost

These assets arise principally from the provision of goods and services to customers (eg. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest (SPPI). They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The company's financial assets measured at amortised cost comprise trade and other receivables, related company balances, short term deposits and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents are carried in the statement of financial position at fair value. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand and short term deposits with original maturities of three months or less.

Fair value through other comprehensive income (FVOCI)

The company has made an irrevocable election to classify its investments at fair value through other comprehensive income rather than through profit or loss as the company considers this measurement to be the most representative of the business model for those assets. They are carried at fair value with changes in fair value recognized in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

LASCO DISTRIBUTORS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(m) Financial instruments (cont'd)

Financial assets (cont'd)

(i) Classification (cont'd)

Fair value through other comprehensive income (FVOCI) (cont'd)

The company's financial assets measured at FVOCI are its investments securities which includes equity instruments in the statement of financial position.

(ii) Recognition and Measurement

Financial assets are initially recognized on the settlement date, which is the date that an asset is delivered to the company. This includes regular purchases of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Translation differences and changes in fair value of non-monetary securities classified as fair value through other comprehensive income (FVOCI) are recognized in other comprehensive income.

Dividends on FVOCI equity instruments are recognized in profit or loss as part of other operating income when the company's right to receive payment is established.

The company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains all or substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognized financial assets that is created or retained by the company is recognized as a separate asset or liability.

When securities classified as FVOCI are sold or impaired, the accumulated fair value adjustments previously recognized as other comprehensive income is not recycled to the profit or loss but instead is transferred within reserves to retained earnings.

(iii) Impairment

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses (ECL).

LASCO DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(m) Financial instruments (cont'd)

(iii) Impairment (cont'd)

During this process the probability of the non-payment of the trade receivables is assessed by taking into consideration historical rates of default for each segment of trade receivables as well as the estimated impact of forward looking information. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within the statement of profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The company's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. At the reporting date, the following items were classified as financial liabilities: trade and other payables and loans.

The company derecognises a financial liability when its contractual obligations expire or are discharged or cancelled.

(n) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributed to the issue of ordinary shares are recognized as a deduction from equity.

(o) Other receivables

Other receivables are stated at amortized cost less impairment losses, if any.

(p) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Operating segments are reported in a manner consistent with internal reporting to the company's chief operating decision maker.

(q) Dividend distribution

Dividend distribution to the company's shareholders is recognized as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders. In the case of interim dividends, this is recognized when declared by the directors.

Dividends for the year that are declared after the reporting date are dealt with in the subsequent events note.

LASCO DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(r) Borrowings

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in profit or loss over the period of the borrowings.

(s) Leases

Policy applicable from 1 April 2019

All leases are accounted for by recognising a right-of-use asset and a lease liability for all leases with a term greater than 12 months.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes amounts expected to be payable under any residual value guarantee, the exercise price of any purchase option granted in favour of the company if it is reasonably certain to assess that option, any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for lease payments made at or before commencement of the lease, initial direct costs incurred and the amount of any provision recognised where the company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset, whichever is shorter.

When the company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining lease term.

LASCO DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(s) Leases (cont'd)

Policy applicable up to 31 March 2019

(i) As lessee:

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under operating leases are charged to the statement of income on a straight-line basis over the period of the lease.

(ii) As lessor:

Where assets are leased under finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognized over the term of the lease in a manner which reflects a constant periodic rate of return on the net investment in the lease.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the company's accounting policies

In the process of applying the company's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognized in the financial statements.

(b) Key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Income taxes

Estimates are required in determining the provision for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain. The company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

LASCO DISTRIBUTORS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):

(a) Key sources of estimation uncertainty (cont'd)

(ii) Allowance for impairment losses on trade receivables

Allowances for doubtful accounts were established using the total credit sales as at 31 March 2020, excluding Government receivables and cash on delivery invoices. For all other credit sales, a payment pattern was determined for customers within this segment. Based on the incurred loss analyses over delinquent accounts, the credit history, risk profile of each customer and aging of receivables, customers were placed in aging buckets and a default risk percentage calculated for each bucket. Allowances are determined upon origination of the trade receivable based on a model that calculates the expected credit loss (ECL) of the trade receivables.

Under this ECL model, the company segments its trade receivables in a matrix by days past due and determined for each age bracket an average rate of ECL, considering actual credit loss experience over the last 12 months and analysis of future delinquency, that is applied to the balance of the trade receivables.

The historical loss rates were adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The company has also identified and assessed the change in the industry in which it sells its goods and has included its impact on historical loss rate percentage. The average ECL rate increases in each segment of days past due until the rate is 100% for the segment of 365 days or more past due. The use of assumptions make uncertainty inherent in such estimates.

(iii) Depreciable assets

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The company applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in the statement of income through impairment or adjusted depreciation provisions.

(iv) Net realizable value of inventories

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realize. The estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

Estimates of net realizable value also take into consideration the purpose for which the inventory is held.

LASCO DISTRIBUTORS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

5. FINANCIAL RISK MANAGEMENT:

The company is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price, and
- Liquidity risk

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(a) Principal financial instruments

The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Short term investments
- Long term and short term loans
- Due from related companies
- Financial assets at fair value through other comprehensive income

(b) Financial instruments by category

Financial assets

	<u>Fair value through other</u> <u>comprehensive income</u>		<u>Amortised</u> <u>cost</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Financial assets at fair value through other comprehensive income	254,754	29,058	26,506	24,715
Short term investments	-	-	75,704	196,817
Cash and cash equivalents	-	-	1,471,891	1,310,797
Due from related companies	-	-	65,107	77,858
Receivables	-	-	<u>2,620,905</u>	<u>2,289,673</u>
Total financial assets	<u>254,754</u>	<u>29,058</u>	<u>4,260,113</u>	<u>3,899,860</u>

LASCO DISTRIBUTORS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

5. FINANCIAL RISK MANAGEMENT:

(b) Financial instruments by category (cont'd)

Financial liabilities

	Financial liabilities at amortized cost	
	<u>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>
Lease liability	12,474	-
Payables	3,144,142	2,685,210
Short term loan	-	200,000
Long term loans	<u>93,333</u>	<u>340,000</u>
Total financial liabilities	<u>3,249,949</u>	<u>3,225,210</u>

(c) Financial risk factors

The Board has overall responsibility for the determination of the company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the company's finance function. The Board receives monthly reports from the Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The company's internal auditors also review the risk management policies and processes and report their findings to the Audit and Risk Management Committee.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the company's competitiveness and flexibility. Further details regarding these policies are set out below:

(i) Market risk

Market risk arises from the company's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises from transactions for sales, purchases and US dollar cash and bank balances. The company manages this risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The company further manages this risk by maximizing foreign currency earnings and holding net foreign currency assets.

LASCO DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(i) Market risk (cont'd)

Concentration of currency risk

The company is exposed to foreign currency risk in respect of US dollar as follows:

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Financial assets	171,023	24,715
Short term investments	-	124,735
Cash and cash equivalents	360,451	176,660
Trade receivables	819,796	530,214
Other receivables	293,746	233,188
Trade payables	<u>(786,076)</u>	<u>(921,693)</u>
	<u>858,940</u>	<u>167,819</u>

Foreign currency sensitivity

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated cash and bank balances, accounts receivable, investments and payable balances, and adjusts their translation at the year-end for 6% (2019 - 6%) depreciation and a 4% (2019 - 4%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

	<u>% Change in</u> <u>Currency Rate</u> <u>2020</u>	<u>Effect on</u> <u>Profit before</u> <u>Taxation</u> <u>2020</u> <u>\$'000</u>	<u>% Change in</u> <u>Currency Rate</u> <u>2019</u>	<u>Effect on</u> <u>Profit before</u> <u>Taxation</u> <u>2019</u> <u>\$'000</u>
Currency:				
USD	-6	51,536	-6	10,069
USD	<u>+4</u>	<u>(34,358)</u>	<u>+4</u>	<u>(6,713)</u>

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The company is exposed to market price fluctuations arising from equity securities held. A 10% increase/decrease (2019 - 10% increase/decrease) in the price of equity stocks will result in a \$10,819,000 increase/decrease (2019 - \$2,906,000 increase/decrease) in net results or stockholders equity.

LASCO DISTRIBUTORS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(i) Market risk (cont'd)

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Floating rate instruments expose the company to cash flow interest rate risk, whereas fixed rate instruments expose the company to fair value interest rate risk.

The company is primarily exposed to cash flow interest rate risk on its short term investments.

Short term investments, investment securities and long term loans are the only interest bearing assets and liabilities respectively, within the company. The company's short term investments are due to mature within a year of the reporting date.

Interest rate sensitivity

There is no significant exposure to interest rate risk on short term deposits, as these deposits have a short term to maturity and are constantly reinvested at current market rates.

Investment securities has no significant exposure to interest rate risk, as loan notes are at a fixed interest rate.

There is no significant exposure to interest rate risk on borrowings. A 1% increase /1% decrease (2019 - 1% increase/1% decrease) in interest rates on Jamaican dollar borrowings would result in a \$933,000 decrease/ increase (2019 - \$5,400,000 decrease/increase) in profit before tax for the company.

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from trade receivables, related company balances and cash and bank balances.

Trade receivables

Revenue transactions in respect of the company's primary operations are done on a cash or credit basis. The company has policies in place to ensure that sales are made to customers with an appropriate credit history.

Cash and bank balances

Cash transactions are limited to high credit quality financial institutions. The company has policies that limit the amount of credit exposure to any one financial institution.

LASCO DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(ii) Credit risk (cont'd)

Maximum exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of trade and other receivables and cash and cash equivalents in the statement of financial position.

Trade receivables expected credit losses

The impairment requirements of IFRS 9 are based on the Expected Credit Loss (ECL) model. The guiding principle of the ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments.

For trade receivables and contract assets that do not have a financing component, it is a requirement of IFRS 9 to recognize a lifetime expected credit loss. This was achieved in the current year by the development and application of historical data relating to trade receivables and write-offs, as well as forecasting payment probabilities based on historical payment pattern.

The company estimates expected credit losses (ECL) on trade receivables using a provision matrix based on historical credit loss experience. Based on the incurred loss analyses over delinquent accounts, the credit history, risk profile of each customer and aging of receivables, customers were placed in aging buckets and a default risk percentage calculated for each bucket of customers. The following table provides information about the ECLs for trade receivables as at 31 March 2020.

LASCO DISTRIBUTORS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(ii) Credit risk (cont'd)

Trade receivables impairment provision

2020

<u>Aging</u>	<u>Gross Carrying Amount</u> <u>\$'000</u>	<u>Default Rate</u> <u>%</u>	<u>Lifetime ECL Allowance</u> <u>\$'000</u>
Government			
0 - 30 days	144,904	0.00	-
31 - 60 days	65,521	0.00	-
61 - 90 days	45,944	0.00	-
Over 90 days	<u>304,110</u>	0.00	<u>-</u>
	<u>560,479</u>		<u>-</u>

<u>Aging</u>	<u>Gross Carrying Amount</u> <u>\$'000</u>	<u>Default Rate</u> <u>%</u>	<u>Lifetime ECL Allowance</u> <u>\$'000</u>
Other receivables -			
0 - 30 days	1,337,741	2.64	35,316
31 - 60 days	292,043	2.22	6,484
61 - 90 days	44,018	8.56	3,768
Over 90 days	<u>121,566</u>	9.77	<u>11,877</u>
	<u>1,795,368</u>		<u>57,445</u>
Total	<u>2,355,847</u>		<u>57,445</u>

2019

<u>Aging</u>	<u>Gross Carrying Amount</u> <u>\$'000</u>	<u>Default Rate</u> <u>%</u>	<u>Lifetime ECL Allowance</u> <u>\$'000</u>
Government			
0 - 30 days	142,865	0.00	-
31 - 60 days	39,732	0.00	-
61 - 90 days	17,255	0.00	-
Over 90 days	<u>225,695</u>	0.00	<u>-</u>
	<u>425,547</u>		<u>-</u>

<u>Aging</u>	<u>Gross Carrying Amount</u> <u>\$'000</u>	<u>Default Rate</u> <u>%</u>	<u>Lifetime ECL Allowance</u> <u>\$'000</u>
Other receivables -			
0 - 30 days	1,235,396	1.92	23,720
31 - 60 days	331,098	1.52	5,033
61 - 90 days	40,438	7.36	2,977
Over 90 days	<u>83,666</u>	8.96	<u>7,496</u>
	<u>1,690,598</u>		<u>39,226</u>
Total	<u>2,116,145</u>		<u>39,226</u>

LASCO DISTRIBUTORS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2020

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(ii) **Credit risk (cont'd)**

The aging of trade receivables is:

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
0-30 days	1,482,645	1,378,261
31-60 days	357,564	370,830
61-90 days	89,962	57,693
Over 90 days	<u>425,676</u>	<u>309,361</u>
	<u>2,355,847</u>	<u>2,116,145</u>

Trade receivables that are past due but not impaired

As at 31 March 2020, trade receivables of \$425,676,000 (2019 - \$270,398,000) were past due but not impaired. This includes \$324,867,000 (2019 - \$207,767,000) for Roche customers. The others relate to independent customers for whom there is no recent history of default.

Trade receivables that are past due and impaired

As at 31 March 2020, the company had trade receivables of \$57,445,000 (2019 - \$39,226,000) that were impaired. The amount of the provision was \$57,445,000 (2019 - \$39,226,000). These receivables were aged over 90 days.

Movements in the provision for expected credit losses are as follows:

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
At 1 April	39,226	18,065
Adjustment to expected credit losses on adoption of IFRS 9	-	16,525
Provision for expected credit losses	<u>18,219</u>	<u>4,636</u>
At 31 March	<u>57,445</u>	<u>39,226</u>

The creation and release of provision for expected credit losses have been included in profit or loss. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

(iii) **Liquidity risk**

Liquidity risk is the risk that the company will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, and the availability of funding through an adequate amount of committed credit facilities.

LASCO DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(iii) Liquidity risk (cont'd)

Liquidity risk management process

The company's liquidity risk management process, as carried out within the company and monitored by the Finance Department, includes:

- (i) Monitoring future cash flows and liquidity on a daily basis.
- (ii) Maintaining a portfolio of short term investment balances that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- (iii) Maintaining committed lines of credit.
- (iv) Optimising cash returns on investments.

Cash flows of financial liabilities

The maturity profile of the company's financial liabilities, based on contractual undiscounted payments, is as follows:

	Within 1 Year \$'000	1 to 2 Years \$'000	2 to 5 Years \$'000	Total \$'000
31 March 2020				
Lease liability	2,851	3,023	6,600	12,474
Long term loans	84,930	13,478	-	98,408
Payables	<u>3,144,142</u>	<u>-</u>	<u>-</u>	<u>3,144,142</u>
Total financial liabilities (contractual maturity dates)	<u>3,231,923</u>	<u>16,501</u>	<u>6,600</u>	<u>3,255,024</u>
	Within 1 Year \$'000	1 to 2 Years \$'000	2 to 5 Years \$'000	Total \$'000
31 March 2019				
Long term loans	262,294	98,408	-	360,702
Short term loan	200,000	-	-	200,000
Payables	<u>2,685,210</u>	<u>-</u>	<u>-</u>	<u>2,685,210</u>
Total financial liabilities (contractual maturity dates)	<u>3,147,504</u>	<u>98,408</u>	<u>-</u>	<u>3,245,912</u>

(d) Capital management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders. The Board of Directors monitors the return on capital, which the company defines as net operating income, excluding non-recurring items, divided by total stockholders' equity. The Board of Directors also monitors the level of dividends to stockholders.

LASCO DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Capital management (cont'd)

There are no particular strategies to determine the optimal capital structure. There are also no external capital maintenance requirements to which the company is subject.

6. SEGMENT REPORTING:

The company has two reportable segments which are based on the different types of products that it offers. These products are described in its principal activities (Note 1). The identification of business segments, is based on the management and internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

Information regarding results of each reportable segment is included below. Performance is measured on segment profit before taxation as included in the management reports. Segment profit before taxation is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

	2020		
	<u>Consumer Division \$'000</u>	<u>Pharmaceutical Division \$'000</u>	<u>Total \$'000</u>
Revenue -			
Total revenue	<u>15,685,259</u>	<u>3,810,957</u>	<u>19,496,216</u>
Segment result	<u>557,024</u>	<u>154,252</u>	<u>711,276</u>
Segment assets⁽¹⁾	<u>3,286,249</u>	<u>1,691,860</u>	4,978,109
Unallocated assets			<u>4,180,518</u>
Total assets			<u>9,158,627</u>
Segment liabilities⁽²⁾	<u>2,319,553</u>	<u>542,266</u>	2,861,819
Unallocated liabilities			<u>588,459</u>
Total liabilities			<u>3,450,278</u>
Other items -			
Finance income	<u>9,117</u>	<u>-</u>	<u>9,117</u>
Finance costs	<u>15,204</u>	<u>-</u>	<u>15,204</u>

LASCO DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

6. SEGMENT REPORTING (CONT'D):

	2019		
	Consumer Division \$'000	Pharmaceutical Division \$'000	Total \$'000
Revenue -			
Total revenue	<u>15,146,378</u>	<u>2,984,311</u>	<u>18,130,689</u>
Segment result	<u>408,211</u>	<u>189,570</u>	<u>597,781</u>
Segment assets⁽¹⁾	<u>3,501,288</u>	<u>1,270,968</u>	<u>4,772,256</u>
Unallocated assets			<u>3,867,406</u>
Total assets			<u>8,639,662</u>
Segment liabilities⁽²⁾	<u>2,369,828</u>	<u>303,409</u>	<u>2,673,237</u>
Unallocated liabilities			<u>777,438</u>
Total liabilities			<u>3,450,675</u>
Other items -			
Finance income	<u>19,204</u>	<u>-</u>	<u>19,204</u>
Finance costs	<u>13,917</u>	<u>-</u>	<u>13,917</u>

(1) Reportable segments' assets are reconciled to the company's total assets as follows:

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Segment assets from reportable segments	4,978,109	4,772,256
Unallocated assets -		
Property, plant and equipment	1,922,116	1,834,487
Intangible assets	85,418	113,362
Right-of-use assets	12,132	-
Financial assets at fair value through other comprehensive income	283,077	53,773
Taxation recoverable	2,010	1,707
Related companies	65,107	77,858
Other receivables	264,880	278,605
Short term investments	73,887	196,817
Cash and bank balances	<u>1,471,891</u>	<u>1,310,797</u>
	<u>9,158,627</u>	<u>8,639,662</u>

LASCO DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

6. **SEGMENT REPORTING (CONT'D):**

(²) Reportable segments' liabilities are reconciled to the company's total liabilities as follows:

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Segment liabilities from reportable segments	2,861,819	2,673,237
Unallocated liabilities -		
Payables	419,662	169,329
Long term loans	93,333	340,000
Deferred tax liability	42,682	20,283
Taxation	32,782	47,826
Short term loan	<u>-</u>	<u>200,000</u>
	<u>3,450,278</u>	<u>3,450,675</u>

7. **REVENUE:**

Revenue represents the price of goods sold and transferred to customers at a point in time, after discounts and allowances.

8. **OTHER OPERATING INCOME:**

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Commission - Roche	106,096	111,671
Interest income	9,117	19,204
Miscellaneous income	<u>15,119</u>	<u>5,131</u>
	<u>130,332</u>	<u>136,006</u>

The company has a non-exclusive distribution agreement with Productos Roche Interamericana S.A. - Diagnostics Division (Roche) to distribute its products in Jamaica. Commission is earned on sales and collection of receivables.

LASCO DISTRIBUTORS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

9. EXPENSES BY NATURE:

Total administrative, selling and other expenses:

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Staff costs (note 10)	1,721,772	1,531,698
Directors' fees	20,046	17,736
Property expenses	73,709	76,767
Transportation and communication	75,750	84,724
Advertising and promotion	299,011	377,930
Management and consultancy fees	72,602	91,949
Legal and professional fees	22,899	16,836
Insurance	81,604	86,804
Stationery	21,585	18,608
Office rental	23	900
Utilities and postage	89,198	86,366
Security	112,459	107,269
Donations and subscriptions	107,821	98,992
Bank charges	74,285	73,729
Auditors' remuneration	7,500	6,500
Foreign exchange loss	47,597	63,271
GCT irrecoverable	37,417	28,573
Expected credit losses	18,219	5,091
Computer repairs expense	1,929	3,186
Depreciation and amortisation	167,812	146,826
Loss on disposal of property, plant and equipment	8,400	-
Other expenses	<u>11,662</u>	<u>55,281</u>
	<u>3,073,300</u>	<u>2,979,036</u>

10. STAFF COSTS:

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Salaries and wages	983,490	906,462
Directors' remuneration	151,151	92,125
Statutory contributions	112,976	107,105
Pension costs	31,637	30,943
Share options - employees	454	118
Commission	224,246	217,937
Accommodation	13,220	12,573
Other	<u>204,598</u>	<u>164,435</u>
	<u>1,721,772</u>	<u>1,531,698</u>

The average number of persons employed by the company during the year was five hundred and thirty two (532), (2019: 488).

LASCO DISTRIBUTORS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

11. FINANCE COSTS:

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Interest expense -		
Loan interest	13,781	13,285
Other interest	<u>1,423</u>	<u>632</u>
	<u>15,204</u>	<u>13,917</u>

12. TAXATION EXPENSE:

(a) Taxation is computed on the profit for the year, adjusted for tax purposes, and comprises income tax at 25%.

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Current taxation	68,403	67,497
Prior year under provision	1,707	22,688
Deferred taxation (note 28)	<u>22,399</u>	<u>3,976</u>
	<u>92,509</u>	<u>94,161</u>

(b) The tax on the profit before taxation differs from the theoretical amount that would arise using the applicable tax rate as follows:

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Profit before taxation	<u>818,265</u>	<u>691,942</u>
Taxation calculated @ 25%	204,566	172,985
Adjusted for the effects of:		
Expenses not deducted for tax purposes	83,115	75,751
Unrealized foreign exchange loss	(4,022)	8,895
Capital allowances	(57,491)	(54,254)
Deferred taxation	22,399	3,976
Other	(59,649)	(12,500)
Prior year under provision	1,707	22,688
Employment tax credit	<u>(29,713)</u>	<u>(55,883)</u>
	160,912	161,658
Adjustment for the effect of tax remission		
Current tax	<u>(68,403)</u>	<u>(67,497)</u>
Taxation charge in income statement	<u>92,509</u>	<u>94,161</u>

LASCO DISTRIBUTORS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

12. TAXATION EXPENSE (CONT'D):

(c) Remission of income tax:

The company's shares were listed on the Jamaica Stock Exchange Junior Market, 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 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 remissions.

13. EARNINGS PER STOCK UNIT:

Basic earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue at year end.

	<u>2020</u>	<u>2019</u>
Net profit attributable to stockholders (\$'000)	725,756	597,781
Weighted average number of ordinary stocks units ('000)	<u>3,403,876</u>	<u>3,413,013</u>
Basic earnings per stock unit (¢ per share)	<u>21.32</u>	<u>17.51</u>

The diluted earnings per stock unit is calculated by adjusting the weighted average number of ordinary stock units in issue at the year end to assume conversion of all dilutive potential ordinary stock units.

	<u>2020</u>	<u>2019</u>
Net profit attributable to stockholders (\$'000)	<u>725,756</u>	<u>597,781</u>
Weighted average number of ordinary stocks units ('000)	3,403,876	3,413,013
Adjusted for share options ('000)	<u>8,731</u>	<u>9,552</u>
	<u>3,412,607</u>	<u>3,422,565</u>
Diluted earnings per stock unit (¢ per share)	<u>21.27</u>	<u>17.46</u>

LASCO DISTRIBUTORS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

14. PROPERTY, PLANT AND EQUIPMENT:

	<u>Freehold Land & Buildings</u> \$'000	<u>Computer</u> \$'000	<u>Furniture, Fixtures & Equipment</u> \$'000	<u>Assets Under Construction</u> \$'000	<u>Motor Vehicles</u> \$'000	<u>Total</u> \$'000
Cost/deemed cost -						
1 April 2018	271,581	138,827	303,111	1,058,221	90,431	1,862,171
Additions	24,181	26,684	77,190	332,317	11,612	471,984
Transfer	<u>995,254</u>	<u>-</u>	<u>-</u>	<u>(995,254)</u>	<u>-</u>	<u>-</u>
31 March 2019	1,291,016	165,511	380,301	395,284	102,043	2,334,155
Additions	22,591	1,690	208,445	-	139	232,865
Transfer	120,216	-	-	<u>(120,216)</u>	<u>-</u>	<u>-</u>
Disposal	<u>-</u>	<u>(1,163)</u>	<u>(1,933)</u>	<u>-</u>	<u>(15,183)</u>	<u>(18,279)</u>
31 March 2020	<u>1,433,823</u>	<u>166,038</u>	<u>586,813</u>	<u>275,068</u>	<u>86,999</u>	<u>2,548,741</u>
Depreciation -						
1 April 2018	67,080	85,780	166,254	-	61,671	380,785
Charge for the year	<u>20,909</u>	<u>23,899</u>	<u>58,736</u>	<u>-</u>	<u>15,339</u>	<u>118,883</u>
31 March 2019	87,989	109,679	224,990	-	77,010	499,668
Charge for the year	28,768	24,153	78,067	-	5,848	136,836
Adjustments	-	76	<u>(588)</u>	<u>-</u>	495	<u>(17)</u>
Disposal	<u>-</u>	<u>(512)</u>	<u>(1,505)</u>	<u>-</u>	<u>(7,845)</u>	<u>(9,862)</u>
31 March 2020	<u>116,757</u>	<u>133,396</u>	<u>300,964</u>	<u>-</u>	<u>75,508</u>	<u>626,625</u>
Net Book Value -						
31 March 2020	<u>1,317,066</u>	<u>32,642</u>	<u>285,849</u>	<u>275,068</u>	<u>11,491</u>	<u>1,922,116</u>
31 March 2019	<u>1,203,027</u>	<u>55,832</u>	<u>155,311</u>	<u>395,284</u>	<u>25,033</u>	<u>1,834,487</u>

The net book value of property, plant and equipment includes assets under construction amounting to \$275,068,000 relating to the renovation of a warehouse acquired in prior year. The cost will be depreciated once the property is completed and available for use.

LASCO DISTRIBUTORS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

15. INTANGIBLE ASSETS:	<u>\$'000</u>
Cost:	
At 1 April 2018	139,717
Acquisition during the year	<u>7,736</u>
At 31 March 2019 and 31 March 2020	<u>147,453</u>
Amortisation:	
At 1 April 2018	6,148
Charge for the year	<u>27,943</u>
At 31 March 2019	34,091
Charge for the year	<u>27,944</u>
At 31 March 2020	<u>62,035</u>
Net book value:	
31 March 2020	<u>85,418</u>
31 March 2019	<u>113,362</u>
16. RIGHT-OF-USE ASSETS:	
(a) Right-of-use assets	<u>Building</u>
	<u>\$'000</u>
Adoption of IFRS 16	15,164
Amortisation	<u>(3,032)</u>
At 31 March 2020	<u>12,132</u>
(b) Lease liability	
Adoption of IFRS 16	15,164
Interest expense	910
Lease payments	<u>(3,600)</u>
31 March 2020	12,474
Less: current portion	<u>(2,851)</u>
	<u>9,623</u>

The company leases property located at 29 Red Hills Road, Kingston 10. The lease contract is for a period of five years.

LASCO DISTRIBUTORS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

17. FINANCIAL ASSETS:

AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME:

	<u>2020</u> Units	<u>2019</u> Units	<u>2020</u> \$'000	<u>2019</u> \$'000
Sigma USD Principal Protector	1,007,521	-	146,564	-
Equities	<u>696,698</u>	<u>681,475</u>	<u>108,190</u>	<u>29,058</u>
			<u>254,754</u>	<u>29,058</u>

AT AMORTISED COST:

Convertible loan notes			<u>26,506</u>	<u>24,715</u>
			<u>281,260</u>	<u>53,773</u>

Financial assets at fair value through other comprehensive income represent quoted equities held in Seprod Jamaica Limited, Supreme Ventures Limited, Lasco Manufacturing Limited, Wigton Windfarm Limited and USD principal protector.

Financial assets at amortised cost represent convertible loan notes purchased 31 January 2019, attract an interest rate of 8% per annum and matures on 31 October 2020. The company's loan notes will automatically convert to shares at the lower of 80% of the initial public offer price or the price per share based on a US\$75 million value of Cannim Group Pty Limited.

18. INVENTORIES:

	<u>2020</u> \$'000	<u>2019</u> \$'000
Goods for resale -		
Roche	234,784	147,929
Regular trade	1,916,656	2,082,617
Goods-in-transit	<u>223,709</u>	<u>237,086</u>
	<u>2,375,149</u>	<u>2,467,632</u>

19. RECEIVABLES:

	<u>2020</u> \$'000	<u>2019</u> \$'000
Trade receivables -		
Roche (see below)	572,190	341,300
Regular trade	<u>1,783,657</u>	<u>1,774,845</u>
	2,355,847	2,116,145
Less: Provision for expected credit losses	(57,445)	(39,226)
	2,298,402	2,076,919
Other receivables	<u>565,077</u>	<u>493,951</u>
	<u>2,863,479</u>	<u>2,570,870</u>

Included in trade receivables for Roche are items on which Roche bears the credit risks solely. The corresponding liability is included in trade payables (note 29).

LASCO DISTRIBUTORS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

20. RELATED PARTY TRANSACTIONS AND BALANCES:	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
(a) Transactions between the company and its related companies		
Purchases of goods and services/foreign currency:		
Lasco Manufacturing Limited -		
Goods	7,782,200	7,482,841
Lasco Financial Services Limited -		
Foreign currency	<u>2,031,274</u>	<u>42,006</u>
(b) Key management compensation (included in staff costs - Note 10):		
Key management includes directors and senior managers -		
Salaries and other short-term employee benefits	202,583	148,208
Share based payments	<u>260</u>	<u>34,187</u>
Directors' emoluments -		
Fees	20,046	17,736
Management remuneration (included above)	151,151	92,125
Share based payments	<u>240</u>	<u>29,380</u>
(c) Year end balances arising from transactions with related parties		
	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
With related companies:		
Due from -		
Lasco Manufacturing Limited	46,267	68,665
Lasco Financial Services Limited	<u>18,840</u>	<u>9,193</u>
	<u>65,107</u>	<u>77,858</u>
Lasco Manufacturing Limited (included in trade receivables)	<u>268</u>	<u>83</u>
Lasco Financial Services Limited (included in trade and other receivables)	<u>111</u>	<u>58</u>
	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Due to -		
Lasco Financial Services Limited (included in other payables)	<u>2,190</u>	<u>1,803</u>
Lasco Manufacturing Limited (included in trade payables)	<u>1,534,327</u>	<u>1,433,520</u>
These balances are due and payable within forty-five (45) days which is the company's normal credit term.		
Due from -		
Directors	<u>4,361</u>	<u>12,359</u>

LASCO DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

21. **SHORT TERM INVESTMENTS:**

These represent interest bearing amounts which have been invested with various financial institutions for a period greater than three (3) months but up to one (1) year. The weighted average interest rate for the investments is 3.46% (2019 - 3.46%).

22. **CASH AND CASH EQUIVALENTS:**

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Short terms deposits	25,142	25,159
Jamaican currency current account	1,005,564	1,065,580
Jamaican currency savings account	78,268	41,735
Foreign currency accounts	360,452	176,660
Cash in hand	<u>2,465</u>	<u>1,663</u>
	<u>1,471,891</u>	<u>1,310,797</u>

(a) The weighted average interest rate on short term deposits is 1.6%, the same as in prior year.

(b) Reconciliation of movements of assets to cash flows from investing activities. Amounts represent financial assets at fair value through other comprehensive income and amorised cost.

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
1 April	53,773	-
Acquired during the year	284,089	43,291
Non cash -		
Fair value movements	(57,011)	12,709
Foreign exchange gain/(loss)	<u>409</u>	<u>(2,227)</u>
	<u>281,260</u>	<u>53,773</u>

(c) Amounts represent short term investments:

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
1 April	196,817	118,686
Investment acquired	-	131,013
Disposal of investment	(133,911)	(59,082)
Interest	5,259	10,370
Withholding tax	(409)	(1,886)
Foreign exchange gain/(loss)	<u>7,948</u>	<u>(2,284)</u>
	<u>75,704</u>	<u>196,817</u>

LASCO DISTRIBUTORS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2020

23. **SHARE CAPITAL:**

	<u>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>
Authorised - 3,630,000,000 Ordinary shares of no par value		
Stated capital - Issued and fully paid - 3,507,925,000 (2019 - 3,507,259,000) ordinary shares of no par value	<u>469,072</u>	<u>467,739</u>

During the year, the company issued 665,125 shares to its directors and managers for cash of \$980,000 (2019 - the company issued 20,898,430 shares to its directors and managers for cash of \$25,284,000). The shares were issued under the company's stock option plan and the fair value of the options exercised during the year was \$353,000.

24. **REVALUATION RESERVE:**

This represents unrealized surplus on revaluation of property, plant and equipment.

25. **FAIR VALUE RESERVE:**

This represents the net unrealised deficit (2019 - surplus) on revaluation of equity investments at fair value through other comprehensive income. The investments are not impaired and the recorded deficit is based on short term fluctuations in market prices.

26. **OTHER RESERVE:**

Stock Option Reserve

(a) **Stock option description and movements:**

On 30 September 2013, the company obtained approval from stockholders at its annual general meeting for authorised but unissued shares up to a maximum of 5% of the total number of issued shares of no par value to be set aside for allocation and sale to the directors and managers of the company. Consequently, the company has set aside 168,320,000 of the authorised but unissued shares for the stock option plan.

On 9 June 2014, under the rules of the stock option plan, the following allocations were made:

	<u>No. of shares</u>
	<u>'000</u>
Non-executive directors and professional service providers	<u>10,500</u>

The options were granted at a subscription price of \$1.00 and are exercisable over a period of five (5) years, at the end of which time unexercised options will expire. The total grant of each director and professional service provider vested immediately on the grant date. The plan provides for equitable adjustment of the allocated number of shares by reason of stock splits, combinations or exchanges of shares, stock dividends and reclassifications or other similar corporate changes.

LASCO DISTRIBUTORS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

26. OTHER RESERVE (CONT'D):

Stock Option Reserve (cont'd)

(a) Stock description and movements (cont'd):

No. of shares
'000

Executive director and managers		<u>104,322</u>
---------------------------------	--	----------------

The options were granted at a subscription price of \$1.00 and are exercisable over a period of seven (7) years, at the end of which time unexercised options will expire. The total of the grant of the director and each manager will fully vest on the third anniversary of the grant date. The plan provides for equitable adjustment of the allocated number of shares by reason of stock splits, combinations or exchanges of shares, stock dividends and reclassifications or other similar corporate changes.

Movement on this option:

	<u>2020</u> <u>'000</u>	<u>2019</u> <u>'000</u>
At 1 April	6,453	20,041
Exercised	(142)	(13,588)
At 31 March	<u>6,311</u>	<u>6,453</u>

On 26 August 2015, under the rules of the stock option plan, the following allocations were made:

No. of shares
'000

Managers		<u>39,500</u>
----------	--	---------------

The options were granted at a subscription price of \$1.60 and are exercisable over a period of seven (7) years, at the end of which time unexercised options will expire. The total of the grant of each manager will fully vest on the third anniversary of the grant date. The plan provides for equitable adjustment of the allocated number of shares by reason of stock splits, combinations or exchanges of shares, stock dividends and reclassifications or other similar corporate changes.

	<u>2020</u> <u>'000</u>	<u>2019</u> <u>'000</u>
Movement on this option:		
At 1 April	7,373	14,350
Option granted	1,167	-
Exercised	(523)	(6,977)
At 31 March	<u>8,017</u>	<u>7,373</u>

LASCO DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

26. OTHER RESERVE (CONT'D):

Stock Option Reserve (cont'd)

(b) Fair value of options granted:

The fair value of options granted determined using the Black-Scholes-Merton valuation model was \$97,789,000. The significant inputs into the model were the share prices of \$1.21 and \$1.60 at the grant dates, exercise prices of \$1.00 and \$1.60, the risk free interest rates of 8.93% and 6.49%, standard deviation of expected share price returns of 47.80% and 61.87%, expected dividends of \$0.03 and the option life of five (5) years for non-executive directors and professional service providers, and seven (7) years for the executive director and managers. It is expected that these options will be exercised within two and a half (2½) years and four and a half (4½) years respectively.

The breakdown of the fair value of options granted is as follows:

	<u>\$'000</u>
Fair value of options granted	97,789
Expensed in 2015	(32,811)
Expensed in 2016	(24,017)
Expensed in 2017	(30,657)
Expenses in 2018	<u>(10,304)</u>
Amount to be expensed in future periods	<u>-</u>

Fair value of options granted during the year:

The fair value of options granted determined using the Black-Scholes-Merton valuation model was \$353,000. The significant inputs into the model were the share price of \$1.60 at the grant dates, exercise prices of \$1.00 and \$1.60, the risk free interest rates of 2.047%, standard deviation of expected share price returns of 56.45% expected dividends of 0.117 and the option life of seven (7) years for the executive director and managers. It is expected that these options will be exercised within two and a half (2½) years and four and a half (4½) years respectively.

	No. of shares '000
Managers	<u>100,000</u>
	<u>2020</u>
	<u>\$'000</u>
Fair value of options granted during the year 2019	353
Expensed in 2019	(118)
Amount to be expensed in future periods	235
Fair value of options granted during the year 2020	218
Expensed in 2020	<u>(453)</u>
Amount to be expensed in future periods	<u>-</u>

LASCO DISTRIBUTORS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

26. OTHER RESERVE (CONT'D):

Stock Option Reserve (cont'd)

(c) Movement on the share option reserve is as follows:

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
At 1 April	9,697	23,252
Fair value of options recognized during the year	453	118
Fair value of options exercised transferred to share capital	(353)	(13,673)
At 31 March	<u>9,797</u>	<u>9,697</u>

27. LONG TERM LOANS:

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
FirstCaribbean International Bank Limited #1	93,333	173,333
FirstCaribbean International Bank Limited #2	-	166,667
	93,333	340,000
Less - current portion	(80,000)	(246,667)
	<u>13,333</u>	<u>93,333</u>

Loan #1 attracts interest at a rate of 8.7% and is repayable in May 2021 and loan #2 attracted interest at a rate of 4.89% and was repaid in January 2020. The loans are secured by mortgage over properties located at White Marl, St. Catherine and 27 Red Hills Road, Kingston 10. They are also secured by a hypothecation agreement, fire and peril insurance over buildings and contents and overdraft lending agreements in the amount of \$1,257,000,000.

28. DEFERRED TAXES:

Deferred taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities. The amounts determined after appropriate offsetting are as follows:

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Deferred tax liability	(42,682)	(20,283)

The movement in deferred tax is as follows:

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Balance at start of year	(20,283)	(16,307)
Charged for the year (note 12)	(22,399)	(3,976)
Balance at end of year	<u>(42,682)</u>	<u>(20,283)</u>

LASCO DISTRIBUTORS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2020

28. DEFERRED TAXES (CONT'D):

Deferred tax is due to the following temporary differences:

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Accelerated capital allowances	(59,153)	(42,047)
Bad debt provision	4,555	(576)
Interest receivable	(421)	5,290
Accrued vacation leave	438	1,232
Foreign exchange loss	<u>11,899</u>	<u>15,818</u>
	<u>(42,682)</u>	<u>(20,283)</u>

Deferred tax charged to profit or loss comprises the following temporary differences:

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Accelerated capital allowances	(17,106)	(35,355)
Bad debt provision	(735)	(348)
Interest receivable	155	13,138
Accrued vacation leave	(794)	257
Foreign exchange loss	<u>(3,919)</u>	<u>18,332</u>
	<u>(22,399)</u>	<u>(3,976)</u>

29. PAYABLES:

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Trade payables -		
Roche (see note 19)	504,794	385,400
Regular trade	<u>2,623,639</u>	<u>2,287,837</u>
	3,128,433	2,673,237
Other payables and accruals	<u>140,574</u>	<u>169,329</u>
	<u>3,269,007</u>	<u>2,842,566</u>

30. SHORT TERM LOAN:

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Sagicor Bank Jamaica Limited	<u>-</u>	<u>200,000</u>

The above loan represents an interest free facility received in January 2019 and was repaid in April 2019.

LASCO DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

31. DIVIDENDS:

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
In respect of 31 March 2019 (\$0.043¢ per share)	150,816	-
In respect of 31 March 2018 (\$0.117¢ per share)	<u>-</u>	<u>234</u>
	<u>150,816</u>	<u>234</u>

A dividend of \$0.043¢ was approved by the Board of directors for payment on 18 July 2019.

On 28 March 2018, an interim dividend of \$0.117¢ per share was approved by the Board of Directors for payment on 30 April 2018, based on shareholders on record at 13 April 2018. The \$234,000 represents the difference in calculation between shareholders on record at 31 March 2018 and 13 April 2018.

32. PENSION PLAN:

The company operates a defined contribution pension plan which is administered by Sagicor Life Jamaica Limited and is open to all permanent employees.

The plan is funded by the company's and employees' contributions. The company's contributions to the scheme are expensed and amounted to \$31,637,000 for the year (2019 - \$30,943,000).

33. CONTINGENCIES:

The company had guarantees with financial institutions totalling J\$12M and US\$42,000 which occurred during the normal course of business.

34. LITIGATION:

There was a claim by Pfizer Limited (Pfizer) against Lasco Distributors Limited ("the company"), and others for damages for breach of a patent relating to a particular product. Final judgement as to liability was received from the Privy Council in favour of the company. On 21 April 2017, the hearing of the assessment of damages was completed.

The Judge at first instance awarded the amount of Two Hundred and Seventy Two Million Nine Hundred and Sixty One Thousand Dollars (\$272,961,000) for damages inclusive of interest and Three Hundred and Seventeen Thousand Dollars (\$317,000) for disposal of stock inclusive of interest and the amounts awarded have been paid over to the company less incidental cost and expenses. The company is of the opinion that the award is low and has appealed the assessment. The appeal came before the Court of Appeal on 17 February 2020 and was argued for 5 days. The Court of Appeal reserved its judgement and indicated that it will call Counsel when it is ready to deliver judgement.

LASCO DISTRIBUTORS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2020

35. EFFECTS OF CHANGES IN ACCOUNTING POLICIES:

The company adopted IFRS 16 with a transition date of 1 April 2019. The company has chosen not to restate comparative information on adoption of standard, and therefore, the revised requirements are not reflected in prior year financial statements.

IFRS 16 has replaced IAS 17, Leases and IFRIC 4, Determining whether an Arrangement Contains a Lease. IFRS 16 provides a single lease accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained.

On initial application, the company has elected to record right-of-use assets and lease obligations of as of 1 April 2019, with no net impact on retained earnings. When measuring lease liabilities, the company discounted lease payments using its incremental borrowing rate as at 1 April 2019. The weighted-average rate of 6% was applied.

36. SUBSEQUENT EVENT:

The World Health Organization declared the novel Coronavirus (COVID-19) outbreak a pandemic on 11 March 2020. The pandemic and the measures to control its human impact have resulted in disruptions to economic activities, business operations and asset prices. This could have negative financial effects on the company, depending on factors such as the duration and spread of the outbreak, the effects on the economy overall and the effects on the financial markets, all of which are highly uncertain and cannot be estimated reliably.

The company has performed various assessments and stress testing of its business plans under different scenarios, as part of its business continuity and contingency planning. However, at the date of approval of these financial statements, the company is unable to determine a reliable estimate of the financial impact on the overall business operations

JAMAICA
Mountain Peak Ginger Tea

DIRECT
X GINGER



NEW LOOK
Some great news!

That unmistakable punch of Jamaican flavour you know so well. Real ginger is not only great served as a hot cup of health, but it adds an excellent zing to drinks, sauces and desserts.



HOT





COLD



SEASONING

Distributed by LASCO Distributors Ltd.

  @myjamaicamountainpeak



PROXY FORM

I/We _____
of _____
being a Member/Members of the above-named Company, hereby appoint _____
of _____
or failing him/her, _____
of _____

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday, September 29, 2020 at 1:00pm, at the Knutsford Court Hotel and at any adjournment there of.

Signed this _____ day of _____ 2020.

Signature: _____


- NOTES:**
1. When completed, this form must be received by the Registrar of the Company at the address given below, not less than forty-eight (48) hours before the time for holding the meeting.
 2. The Proxy Form should bear stamp duty of \$100.00 which may be adhesive and duly cancelled by the person signing the proxy form.
 3. If the appointer is a Corporation, this Form of Proxy must be executed under its common seal or under the hand of an officer or attorney duly authorized in writing.

Send to: **The Registrar and Transfer Agent**
Jamaica Central Securities Depository
40 Harbour Street
Kingston





Distributors Limited

LASCO.JAMAICA.COM  

27 RED HILLS ROAD, KINGSTON 10, JAMAICA, W.I.