



FIRST QUARTER UNAUDITED FINANCIAL REPORT JUNE 2023



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LASCO Manufacturing Limited

Report to the Shareholders
Three Months ended June 30, 2023

The Board of Directors of LASCO Manufacturing Limited is pleased to present the unaudited financial results for the three months ended June 30, 2023.

The Board regrets the passing of Honourable Lascelles Chin, OJ, CD, LLD (Hon. Causa) the esteemed Executive Chairman of LASCO Manufacturing Limited, on May 27th, 2023. Mr. Chin's visionary leadership, unparalleled dedication, and remarkable contributions have left an indelible mark on our organization and the country. He will be remembered as a true visionary and a driving force behind our success.

Mr. Chin's passing is a significant loss to our company, and we assure you that under his leadership the Board had ensured that the appropriate succession, management and governance structures have been in place for some time now. Mr. Chin was a firm believer in the long-term success and sustainability of LASCO Manufacturing Limited, and he took great care to establish a strong leadership team and a robust framework that will enable our company to continue functioning effectively and efficiently. Following his passing the Board of Directors met on the 15th June, 2023 and appointed the Deputy Executive Chairman Mr. James Rawle, Chairman of the Board of Directors.

The Board of Directors, in close collaboration with the executive management team, will continue to work diligently to uphold Mr. Chin's legacy and vision. As we move forward, we remain dedicated to driving the growth and success of LASCO Manufacturing Limited. We are confident that, under the leadership of our capable team, we will continue to deliver exceptional results, exceed expectations, and create value for all stakeholders.

During the quarter there was a deceleration in some input costs, inflationary pressures continued to ease, the Supply Chain stabilised considerably, and the local macro-economic climate continued to improve –factors that were favourable for the business and facilitated the continuation of the momentum of the prior year.

Sales revenue for the quarter grew to \$2.83B, an increase of 9% with respect to the corresponding quarter of the prior year. Revenue was fueled by volume growth and pricing with the Refreshing Beverages and Water categories having strong results.

Gross profit was \$1.07B a growth of 19% versus June 2022 with Gross Margin increasing by 320 basis point to 37.7%. The growth in both gross profit and margin reflects the effects of lower costs for some materials and gains from efficiencies in manufacturing.

Selling and Administrative expenses inclusive of Marketing and promotional support for the brands were \$359.9M, an increase of 8% compared to the corresponding period of the previous year. Increases were sustained in insurance premiums, Marketing investments (up 40%), salaries and staff welfare. The expense to sales ratio remained at 13%, the same as in the prior year.

Operating Profit at \$723.8M was 26% above prior year with operating profit margin improving to 25.5%. The operating profit performance reflects the gains from the higher gross margins, operational efficiencies, and cost management.

Profit before taxation was \$721M, 27.6% above prior year with Net Profit increasing to \$525.9M or 27% above the corresponding quarter of the prior year. Earnings per stock unit for the Quarter was \$0.13 versus \$0.10 for the period ending June 30, 2022.

Balance Sheet

Total assets at the end of June 2023 were \$14.2B an increase of 15.6% on the prior year with Current Assets being \$9.1B or 27% higher than the position at the end of June 2022. Current liabilities at the end of the period were \$1.7B.

Inventory value was \$2.1B, which was 10.5% above prior year reflecting increased materials costs and temporary inventory increase to mitigate supply disruption.

Trade receivables were \$2.8B versus \$3.3B in the prior year- reflecting much improved efficiency in collections. Trade payables were \$1.1B, marginally down from \$1.2B at the same period last year.

Long Term loans were \$122M – a reduction of \$188M from June of the prior year. Cash and Bank Balances, inclusive of Short-term investments were \$4.08B – an increase of \$2.2B over the prior year.

Interim Dividend

The Board of Directors at a meeting on June 15th, 2023, approved the payment of an interim dividend of \$0.12 per share to shareholders on record at the close of business on June 30th, 2023. The date for payment is July 14th, 2023.

Corporate Social Responsibility:

During the period the company partnered with the Nurses association of Jamaica (NAJ), Lasco Distributors and the Lasco Chin Foundation in sponsoring activities to celebrate International Nurses Day on May 12th, 2023. The ceremony was held at the Terra Nova All Suites Hotel and brought together over one hundred and fifty (150) Nurses and Nursing students from across the Island to share knowledge and celebrate their contributions to healthcare.

Other outreach activities included:

- Continued support for the Gwen Neil Basic School where we also participated in the Read Across Jamaica Day which is aimed at promoting literacy and reading among young students.
- Support for a Labour Day Project at the Marie Atkins Homeless Shelter.

Recycling Partners of Jamaica

We continued our engagement, along with other industry partners, with Recycling Partners of Jamaica (RPJ) in recovering plastic bottles (PET&HDPE) from the environment for recycling. The initiative continued to make significant progress with the recovery rates steadily improving as the infrastructure to improve collection and the educational component of the programme expands.

Outlook

Organic growth with progressive margin improvement remains our top priority. We will therefore continue to invest in our brands and drive improvements in operating efficiencies and innovation, while applying prudent allocation of capital and diligent cost management to achieve this end. Given the global geo-political issues and the potential for negative impacts we remain alert to the possibilities of inflationary pressures and supply disruptions and are committed to take the necessary mitigatory actions to deliver improved business performance.

We take this opportunity to thank all our team members for their hard work and on-going dedication and commitment, and you, our shareholders and other stakeholders for your continued confidence and support.

Sincerely yours,

LASCO Manufacturing Limited



James E. D. Rawle, CD

Executive Chairman/ Managing Director

LASCO Manufacturing Limited
Statement of Comprehensive Income
For the three months ended June 30, 2023
Unaudited and expressed in J\$'000

	3 Months to June 30, 2023	3 Months to June 30, 2022
Revenue	2,833,324	2,604,343
Cost of Sales	(1,764,319)	(1,706,170)
Gross Profit	1,069,005	898,173
Gross Margins %	38%	34%
Other Operating Income / (Loss)	14,847	6,959
Operating Expenses	(359,978)	(332,418)
Profit from Operations	723,875	572,714
Finance Costs	(2,645)	(7,623)
Profit before Taxation	721,231	565,091
Taxation	(195,316)	(151,011)
Net Profit	525,915	414,080
Unrealised Gains (Loss) on Fin Instruments	29,773	112,213
Total Comprehensive Income	555,687	526,293
Number of Stock units in Issue	4,132,913	4,132,913
Earnings per Stock	0.13	0.10

LASCO Manufacturing Limited
Statement of Financial Position
as at June 30, 2023

	JUN-23	JUN-22	MAR-23
	UnAudited	Unaudited	Audited
	J\$'000	J\$'000	J\$'000
NON-CURRENT ASSETS			
Property, Plant & Equipment	4,381,151	4,543,585	4,445,737
Capital Work in Progress	130,728	131,254	130,728
Long Term Investment	613,951	463,297	584,179
Total Non-Current Assets	5,125,830	5,138,136	5,160,643
CURRENT ASSETS			
Inventories	2,134,084	1,931,066	2,163,821
Trade & Other Receivables	2,771,734	3,346,102	2,502,471
Related companies	25,978	-	-
Taxation Recoverable	32,493	11,982	29,257
Directors Current Accounts	14,296	4,305	1,817
Short Term Investments	1,668,426	816,200	1,659,515
Cash and Bank Balances	2,409,599	1,022,199	2,223,238
	9,056,611	7,131,855	8,580,119
CURRENT LIABILITIES			
Trade Payables	1,099,001	1,219,315	1,261,701
Related companies	-	14,628	-
Current Portion of Long Term Loan	114,055	207,388	114,055
Taxation	464,150	437,030	395,591
	1,677,206	1,878,360	1,771,347
Net Current Assets	7,379,406	5,253,495	6,808,772
	12,505,236	10,391,631	11,969,415
Financed by:			
Share Capital	563,168	563,168	563,168
Other Reserve	-	171,487	-
Retained Earnings	10,538,457	8,285,073	8,456,561
Fair Value Reserve	25,939	27,459	(3,834)
Current Earnings	525,914	414,080	2,081,897
	11,653,478	9,461,267	11,097,792
Non-Current Liabilities			
Long Term Loan	8,260	102,707	43,125
Deferred Taxation	843,498	827,657	828,498
	12,505,236	10,391,631	11,969,415

Approved for issue by the board of Directors on July 26, 2023 and signed on its behalf by:



James E D Rawle, C.D.
Executive Chairman/Managing Director



Compton Rodney
Chair, Audit & Risk Management Committee

LML STATEMENT OF CASH FLOWS

Year-to-date June 30, 2023

Unaudited and expressed in JS'000

<i>STATEMENT OF CASH FLOWS</i>	<i>YTD JUN-23 JS'000</i>	<i>YTD JUN-22 JS'000</i>
Cash Flows from Operating Activities		
Operating Activities		
Profit /(Loss) for the period	525,914	414,080
Depreciation	66,679	67,836
Interest Income	(11,746)	(1,673)
Dividend Income	(3,400)	(4,963)
Loss on disposal of property, plant and equipment	-	711
Interest Expense	2,645	7,623
Taxation Expense	195,316	151,011
Items not affecting cash	249,493	220,545
(Increase) /Decrease in Current Assets		
Inventories	29,737	(184,227)
Trade & Other Receivables	(310,957)	(912,681)
Taxation paid	(111,748)	(73,034)
Payables	(162,710)	70,592
Cash provided by operating activities	219,730	(464,725)
Interest Received	11,746	1,673
Short Term Investments	(8,911)	2,450
Acquisition of Property, Plant & Equipment	(2,093)	(16,617)
Cash used in Investing Activities	742	(12,494)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Interest Paid	(2,645)	(7,623)
Loan Repayment	(34,866)	(54,473)
Long term investment	-	1,111
Dividends Received	3,400	4,963
Dividends Paid	-	(413,291)
Cash provided by /(used in) Financing Activities	(34,110)	(469,313)
Net Change in Cash and Cash Equivalents	186,362	(946,532)
Cash and cash equivalents at the beginning of the period	2,223,238	1,968,730
Cash and cash equivalents at the end of the period	2,409,599	1,022,198

Comprised of:

Cash and Bank balances	2,409,599	1,022,198
	<u>2,409,599</u>	<u>1,022,198</u>

LASCO Manufacturing Limited

Statement of Changes in Shareholders' Equity

For the three months ended June 30, 2023

Unaudited and expressed in J\$'000

2022					
TOTAL COMPREHENSIVE INCOME	Share Capital	Other	Fair Value	Retained	Total
	J\$'000	Reserve	Reserve	Earnings	J\$'000
		J\$'000	J\$'000	J\$'000	J\$'000
Balance at 1 April 2022	563,168	171,487	(84,755)	8,698,365	9,348,265
Other Comprehensive Income					-
Fair Value Reserve			112,213		112,213
Payment of Dividends				(413,291)	(413,291)
Net Profit				414,080	414,080
Balance as at June 30, 2022	563,168	171,487	27,458	8,699,154	9,461,267

2023					
TOTAL COMPREHENSIVE INCOME	Share Capital	Other	Fair Value	Retained	Total
	J\$'000	Reserve	Reserve	Earnings	J\$'000
		J\$'000	J\$'000	J\$'000	J\$'000
Balance at 1 April 2023	563,168	-	(3,834)	10,538,457	11,097,792
Other Comprehensive Income					-
Fair Value Reserve			29,773		29,773
Payment of Dividends				-	-
Net Profit				525,914	525,914
Balance as at June 30, 2023	563,168	-	25,939	11,064,372	11,653,478

LASCO Manufacturing Limited

Notes to the Financial Statements
June 30, 2023

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES

- a. LASCO Manufacturing Limited is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is at 27 Red Hills Road, Kingston 10 and it currently operates from premises at White Marl in the parish of St. Catherine. The company is listed on the Junior Market of the Jamaica Stock Exchange.
- b. The principal activities of the company are the manufacturing of soy-based products, juice drinks, water, and packaging of milk-based products. Distribution of these products is done in the local market.

2. SIGNIFICANT ACCOUNTING POLICIES:

- a. These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the adopted interpretation of those standards by the International Accounting Standards Board and have been prepared under the historical cost convention. They are also prepared in accordance with provisions of the Jamaican Companies Act.
- b. The accounting policies followed in these interim financial statements are consistent with those used in the audited financial statements for the year ended 31st March 2023.
- c. These financial statements are presented in Jamaican dollars unless otherwise indicated.

3. FINANCE COSTS

Finance costs are stated net of foreign exchange gains / losses

4. <u>TRADE & OTHER RECEIVABLES</u>	<u>2023</u>	<u>2022</u>	
a. Trade Receivables	JA\$ '000	JA\$ '000	
1. Local	2,297,504	3,035,283	
2. Foreign	91,500	86,956	
b. Other Receivables	<u>382,730</u>	<u>223,863</u>	This comprises of prepayments made for capital goods & stock.
	2,771,734	3,346,102	

5. SHARE CAPITAL

	2023	2022
Authorized: -		
4,427,500,000 (2022 – 4,427, 500,000) ordinary shares of no-par value		
Stated capital –		
Issued and fully paid –		
Number of ordinary shares		
4,132,913,151 (2022 – 4,132,913,151) ordinary shares of no-par value	<u>563,168</u>	<u>563,168</u>