



LOOKING TO THE FUTURE

BUILDING
ON A STRONG
FOUNDATION





TRIBUTE TO THE HON. LASCELLES CHIN

The Honourable Lascelles Chin, OJ, CD, LLD (Hon. Causa) was an extraordinary child who became an extraordinary man. Born on December 5, 1937, he was raised by his wise grandmother Mary and kind uncle Dan in Kendal, Manchester. By age eight, he held two dreams close to his heart: to escape poverty and improve the lives of his fellow Jamaicans.

BECOMING LASCELLES

To drive those dreams into reality, he worked harder than most children his age. Between the ages of 9 to 12, while attending school in Balaclava, in St. Elizabeth, he worked in a family shop after school and did his homework by candlelight at nights.

At age 12, he entered Wolmers' Boy School in Kingston as a second former (eighth grader), armed with his undaunted drive and resilience. Upon suffering complications from a hernia operation and feeling continuous physical discomfort at school, he went by himself to the Kingston Public Hospital for post-operative appointments and, though being able to complete his homework assignments only after working in a shop in the late afternoons, came top of his class in second, third and fourth forms.

As a young man, he learned how to sell successfully and build strong relationships with customers and suppliers, qualities which he took with him when he launched his own business with savings of £175. He worked long hours to sell several products, including Henkel products to customers in several parishes. Within a few years, he would write the letter that would change the trajectory of his life, proposing to the Germany-based multinational Henkel that he be appointed their national distributor.

At age 32, Lascelles Chin became the youngest chairman and CEO of a Henkel factory, then the globe's largest adhesives manufacturer, and achieved the goal of steering Henkel Jamaica to attain the highest sales per capita of any Henkel branch in the world.

Still in his thirties, he enjoyed two terms as the results-oriented President of the Jamaica Exporters Association in the 1970s. Though national exports underwent a decline during that decade, he significantly increased the exports of Henkel products to the Caribbean and Latin America.

Notwithstanding the demands of growing a business during the 1980s, Lascelles Chin threw himself enthusiastically into chairing the Jamaica Industrial Development Corporation (JIDC), becoming a major player in the team that helped 25,000 women gain employment in the garment industry.

Whilst chairing JIDC, he founded several business-

es, two of which were LASCO Distributors and LASCO Manufacturing. LASCO steadily expanded, as it produced high quality foods at low prices and offered anti-retroviral medication at reduced prices to allow poor persons living with HIV to get treatment.

A MIND TO POSITIVITY

Together with LASCO Financial Services founded in 2004, these three companies not only rewarded shareholders but performed multiple acts of philanthropy through various community-inspired programmes. These included awarding high-performance teachers, nurses and policemen, supplying numerous scholarships, funding sports programmes, supporting environmental protection programmes and assisting the development of young entrepreneurs.

Despite his superb achievements, Lascelles Chin underwent disappointments and formidable challenges. Through birdsong, the vibrant colours of flowers and the bountiful shades of green on the Jamaican mountains, he recalibrated his mind to positivity. He experienced an enormous gratitude for life in his 80s, knowing he had attained critically important goals, including the thriving LASCO Affiliated Companies with the help of his team. Team LASCO meant a great deal to him. No one came around him without being positively impacted and Team LASCO remains grateful for the valuable lessons they learned from him, including great values like honesty, diligence, persistence and hard work.

A LEGENDARY LIFE

Most of all, Lascelles Chin enjoyed the company of friends and family. He leaves behind family, close friends, and colleagues who are all inspired by his legendary life. His grandchildren provided him with hope, renewed purpose and bouts of laughter. His seven children - Karen, Marie, Wayne, Andrew (predeceased), Lisa, David and Richard - enjoy cherished memories of him as a warm, fun loving and involved father. He is also survived by his greatly beloved wife, Dr. Eileen Chin, who supplied the joys of a wonderful family life with wisdom, humour, humanity and an abiding love.

Lascelles Chin lived a life worthy of emulation in every respect, for his good works and service to his fellow Jamaicans.

VISION, MISSION & CORE VALUES



OUR VISION

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



OUR MISSION

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

Being the best ... Always.



CORE VALUES

CARE FOR OUR CUSTOMERS

We respect our customers time and privacy.

COMMITMENT

We are committed to achieving success for our team, agents and shareholders.

INTEGRITY

In dealing with our customers, agents, staff and shareholders.

Continuous Improvement of our Processes.

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ABOUT LASCO MANUFACTURING LIMITED



Established in October 1994 as a result of the merger between LASCO Foods (Successors) Limited and LASCO Foods Limited, LASCO Manufacturing Limited emerged as a formidable entity. Subsequently, in October 2010, it successfully debuted on the Jamaica Stock Exchange Junior Market.

Renowned as the foremost producer of Nutritious Powdered Beverages in Jamaica, operating under the LASCO Brand, LASCO Manufacturing Limited expanded its purview in 2014 by venturing into the realm of Liquid Refreshing Beverages and Water Categories, introducing the highly regarded iCool Brand.

Throughout its existence, the Company has steadfastly pursued organic growth, strengthening its position through substantial investments in cutting-edge infrastructure, state-of-the-art technology, and human capital development. These strategic endeavours have endowed the organization with the necessary capabilities and expertise to drive its expansion, effectively catering to the mounting demands of both domestic and international markets.

TECHNOLOGY AND INNOVATION

By perpetually embracing technological advancements and fostering innovation in its operational practices, capacity, and product portfolio, the Company remains well-equipped to confront the ever-evolving business landscape.

Inculcating a culture of continuous improvement, LASCO Manufacturing Limited continually strives to enhance operational efficiencies and adapt to the dynamic currents of the industry.

Exemplifying an unwavering commitment to manufacturing excellence, the Company upholds stringent quality assurance protocols, underpinned by internationally recognized certifications encompassing Good Manufacturing Practices (GMP), Food Safety Management (HACCP), Quality Management Systems, and Occupational Health and Safety. These certifications serve as testaments to our relentless pursuit of uncompromising standards.

DEDICATION TO JAMAICA

The Company takes immense pride in its steadfast dedication to the socio-economic development of Jamaica, evident through its sustained investments in community initiatives. Engaging in educational and social upliftment programs, including providing aid to the less fortunate and sponsoring Ambassadorial Programmes, which commend exceptional Jamaican teachers, police officers, and nurses, the organization remains firmly committed to fostering progress within our society.



WHOLE MILK: LASCO distributors recently launched its newest product, Lasco Whole Milk. At the official ceremony yesterday at the Jamaica Pegasus Hotel Lascelles Chin (right), chairman of Lasco distributors, Audrey Chin (left), managing director Lasco distributors and Laker Levers chairman of jCTC examine the product.

Lasco launches Whole Milk

A NEW milk product, Lasco Whole Milk, aimed at reaching consumers who want to avoid spoilage, those who have to live on a limited budget and those who do not have refrigerators, was launched by Lasco Distributors yesterday.

The product will appeal to every type of consumer, including parents who want to ensure a nutritious diet for their children in spite of a limited budget, according to Chairman of Lasco Distributors, Lascelles Chin.

The recommended retail price is \$10.98.

Mr. Chin, speaking at the

launching of the product at the Jamaica Pegasus Hotel in New Kingston, said Lasco Whole Milk was simply regular cow's milk from which the water has been removed. When water is added, the powder mixes instantly and "you have 100 per cent full fat milk."

He said he was aware of the criticisms regarding the duty status of the product, but he wanted to make it clear that his company was not against the dairy industry in Jamaica.

"However, we cannot turn a blind eye to the needs of the consumer, particularly when it relates to an item as basic and crucial as milk," Mr. Chin said.

He said that to increase the whole milk out of the reach of low-income consumers would be nothing

short of a tragedy. "We are sure that there will always be a market for fresh milk in this country, but let us not deprive the poor mother who now has to turn a blind eye to box milk because she simply cannot afford it."

Whole milk is currently imported duty free. If Government accepts the local dairy industry's proposal that duty be paid on the product, however, this will mean consumers have to pay more for it.

Mr. Chin said the whole milk was less than half the price of 'box milk', its closest competitor.

"We at Lasco Foods see the product as one which will appeal to every type of consumer — parents who want to ensure a nutritious diet for their children in spite of a

limited budget, occasional users of milk who want to avoid spoilage, people who do not have refrigerators, and, of course, everyone who wants to save money," said Mr. Chin.

He told distributors and retailers present at the launch that people in offices had been using the milk as a coffee creamer and encouraged schools who have breakfast feeding programmes to use the product because of its nutritional value, low cost and long shelf life.

Mr. Chin said there had been some confusion between 'Read-Milk' and Lasco Whole Milk. He explained, however, that while Read-Milk is a fat-free milk powder, Lasco Whole Milk is full-fat. In processing the whole milk, only water was removed.

FEBRUARY 4, 1993: LASCO WHOLE MILK COMES TO MARKET - AIMED AT THE BUDGET CONSCIOUS CONSUMER, AND THOSE THAT DO NOT HAVE REFRIGERATORS.

NOTICE OF 13TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of LASCO Manufacturing Limited will be held on Wednesday, October 4, 2023, at 11:00 a.m., in the Montego Suite of the Jamaica Pegasus Hotel, 81 Knutsford Boulevard, Kingston 5 and via electronic means which can be accessed at www.LASCOjamaica.com. This meeting is called to consider and pass resolutions set out hereunder:

Ordinary Resolutions

1. Audited Accounts

To receive the audited accounts for the year ended March 31, 2023, consider, and if thought fit, pass the following resolution:

"THAT the Audited Accounts for the year ended March 31, 2023, and the Reports of the Directors and Auditors, circulated with the notice convening the meeting be and are hereby adopted."

2. Ratification of Dividend

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

"THAT the Interim Dividend of \$0.10 per stock unit paid on June 29, 2022, to shareholders on record at the close of business on June 10, 2022, be declared final for the year 2022."

3. Election of Directors

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 Prof. Rosalea Hamilton and Mr. Compton Rodney and being eligible, offer themselves for re-election.

The proposed resolutions are therefore as follows:

To consider and if thought fit pass the following resolution:

(i) **"THAT** retiring Director Prof. Rosalea Hamilton 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. Compton Rodney, be and is hereby re-elected a Director of the Company."

4. Directors Remuneration

Article 82 of the Articles of Incorporation empowers the Directors or any appropriate Committee of the Board of Directors to fix the remuneration of the Directors, thus:

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 123 empowers the Directors, or any appropriate Committee of the Board of Directors, to fix the remuneration of the Managing Director, thus:

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."

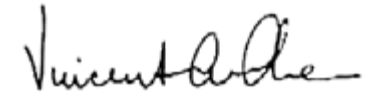
5. Remuneration of Auditors

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."

Dated this 28th day of June, 2023

BY ORDER OF THE BOARD



Vincent A. Chen
COMPANY SECRETARY

NOTES:

1. A Member of the Company entitled to attend and vote at this meeting is entitled to appoint one or more persons as his/her Proxy to attend in person or remotely and vote in his/her stead. 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.
4. Further information on how to participate in this meeting is available on the Company's website at www.LASCOjamaica.com

1997: LASCO ALREADY CONTROLS UP TO 90% OF THE LOCAL MARKET FOR POWDERED MILK. IT EXPORTS EXTENSIVELY TO CARICOM, IS NOW MAKING INROADS INTO LATIN AND CENTRAL AMERICA...



THE GLEANER • Monday, June 9, 1997

Local company becomes world beater

LASCO FOODS Limited has now become the number one purchaser in the world, of Soy Protein from the United States based firm, Protein Technologies International.

Speaking last week at the seminar for Lasco distributors, at the Jamaica Pegasus Hotel, Lasco chairman, Lascelles Chin said local sales of Lasco Food Drink and Milk were between 70 and 80 thousand cases or about 8 million sachets per month.

He said there is no real competition in the world, for Lasco Food Drink and Lasco Lasoy as no other product offers the taste, nutrition, health and price benefits.

Mr Chin urged distributors from elsewhere in the Caribbean and Latin America to increase their sales by between 100 and 300 per cent, before another company comes out with a comparable product.

"We are now starting a programme to encourage every person to have two packs of Lasco Food Drinks per day. This is 40 grams of soya per day which is the amount recommended by experts, for maximum health and nutrition," he said.

Lasco already controls up to 90 per cent of the local market for powdered milk. It exports extensively to Caricom, is now



Lascelles Chin ■

making inroads into Latin and Central America, has introduced its products into the United States and is now endeavouring to enter Canada, the United Kingdom, Spain, and a few African countries.

The company plans to upgrade its present production facilities, from 200,000 cartons per month, to 500,000 per month. This should be accomplished within a year, according to Mr Chin. It also has plans to introduce a Lasoy Milk Free, for the lactose intolerant. The company says it has also improved the taste and smell of Lasco Lasoy and Lasoy Lite

CORPORATE DATA

REGISTERED OFFICE**LASCO Manufacturing Limited**

27 Red Hills Road
Kingston 10
Jamaica, W.I.
Tel: (876) 960-1831
(876) 960-3662-3
Fax: (876) 749-4275
Website: www.LASCOjamaica.com

BOARD OF DIRECTORS**Executive Directors:**

Hon. Lascelles A. Chin, OJ, CD, LLD.
(Hon. Causa)
Executive Chairman

Mr. James Rawle, CD
*Deputy Executive Chairman,
Managing Director*

Non-Executive Directors:

Rosalea Hamilton, BA. (Hons.) MIA,
LLB (Hons.), CLE, PhD.

Mr. Vincent A. Chen

Mrs. Jacinth Hall-Tracey, MBA, BA
(Hons)

Dr. Eileen Chin, MBA

Mr. Compton Rodney, BSc (Econ)
FCA, FCCA

Mr. Noel daCosta, CD, BSc, MSc, MBA,
FCII, DTech

Financial Controller:

Ms. Sophia Gayle, FCA, FCCA

Company Secretary:

Mr. Vincent A. Chen

**ATTORNEYS-AT-LAW****Chen, Green and Company**

6 Haining Road
Kingston 5
Jamaica, West Indies

BANKERS**CIBC First Caribbean**

**International Bank
Jamaica Limited**
23-27 Knutsford Boulevard
Kingston 5
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' INFORMATION

**TOP TEN SHAREHOLDERS** as at March 31, 2023

NAMES	UNITS	PERCENTAGES
East West (St. Lucia) Limited	2,002,693,780	48.45
Lascelles A. Chin	1,244,428,470	30.11
National Insurance Fund	103,794,541	2.51
Mayberry Jamaican Equities Limited	34,896,518	0.84
Sagikor Select Fund Ltd. - ('Class C' Shares) Manufacturing & Distribution	32,816,914	0.79
SJIML A/C 3119	31,777,000	0.76
Joel Izquierdo Gonzalez	21,652,392	0.52
Luidmila Gonzalez Diaz	21,621,259	0.52
Hilda Gonzalez Rosales	21,000,000	0.50
Wayne M. Chin	19,867,160	0.48

SHAREHOLDINGS OF DIRECTORS AND CONNECTED PARTIES as at March 31, 2023

NAMES	POSITION	UNITS	PERCENTAGES
	*CONNECTED PARTIES		
Lascelles Chin		1,244,428,470	30.11
	*East West (St. Lucia) Limited	2,002,693,780	48.45
	*Eileen Chin - Direct	{ 17,000,000 }	0.41
Rosalea Hamilton		110,000	0.00
Eileen Chin		17,000,000	0.41
	*Lascelles Chin - Direct	{ 1,244,428,470 }	30.11
Jacinth Hall-Tracey		0.00	0.00
Vincent Chen		0.00	0.00
Compton Rodney		0.00	0.00
Noel daCosta		30,000	0.00
James Rawle		0.00	0.00

*Connected Party

SHAREHOLDINGS OF SENIOR MANAGERS AND CONNECTED PARTIES as at March 31, 2023

NAMES	POSITION	UNITS	PERCENTAGES
	*CONNECTED PARTIES		
James Rawle		0.00	0.00
Sophia Gayle		0.00	0.00
Lisa Watts		194,100	0.00
Cleverick Dougherty		0.00	0.00
Daniel Strachan		0.00	0.00
Errol Grant		0.00	0.00
Jean Grant		0.00	0.00





FINANCIAL HIGHLIGHTS

TURNOVER

\$J11.24B

2021/22: \$J 9.48B

NET PROFIT

\$J2.08B

2021/22: \$J 1.71B

SALES GROWTH

18.6%

2021/22: 15.4%

NET PROFIT MARGIN

18.5%

2021/22: 18.0%

EARNINGS PER SHARE

\$0.50

2021/22: \$0.41

DIVIDENDS

\$J496M*

2022/23: \$J 413M
*Proposed

RETURN ON EQUITY

20.4%

2021/22: 19.8%

PROPOSED DIVIDENDS PER SHARE INCREASE

20%

2021/22: 38%

FIVE YEAR FINANCIAL REVIEW

FINANCIAL STATISTICS	2022-23	2021-22	2020-21	2019-20	2018-19
	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE	11,242,598	9,481,244	8,218,152	7,886,142	7,565,672
Percentage change	18.6%	15.4%	4.2%	4.2%	13.6%
GROSS PROFIT	4,086,629	3,484,174	3,114,074	2,917,394	2,679,366
GROSS MARGIN	36.3%	36.7%	37.9%	37.0%	35.4%
PROFIT FROM OPERATIONS	2,689,200	2,223,058	1,814,999	1,292,405	1,257,879
Percentage change	21.0%	22.5%	40.4%	2.7%	46.0%
NET CASHFLOWS FROM OPERATING ACTIVITIES	1,886,873	1,513,910	1,427,643	1,469,793	1,817,273
Percentage change	24.6%	6.0%	-2.9%	-19.1%	438.9%
FINANCE COSTS	23,060	47,220	59,186	93,615	107,426
Percentage change	-51.2%	-20.2%	-36.8%	-12.9%	-18.7%
PROFIT BEFORE TAXATION	2,666,140	2,175,838	1,755,813	1,198,790	1,150,453
Percentage change	22.5%	23.9%	46.5%	4.2%	57.8%
PROFIT AFTER TAXATION	2,081,897	1,707,485	1,379,636	981,677	1,076,779
Percentage change	21.9%	23.8%	40.5%	-8.8%	92.1%
DIVIDENDS PAID	413,291	300,049	250,746	249,970	155,464
Percentage change	37.7%	19.7%	0.3%	60.8%	8.7%
LONG TERM DEBT	157,180	364,567	819,170	1,044,925	1,395,686
Percentage change	-56.9%	-55.5%	-21.6%	-25.1%	10.6%
SHAREHOLDERS EQUITY	11,097,794	9,348,267	7,911,282	6,751,065	5,845,814
Percentage change	18.7%	18.2%	17.2%	15.5%	18.7%
RETURN ON ASSETS	16.1%	14.9%	13.4%	10.6%	13.0%
RETURN ON EQUITY	20.4%	19.8%	18.8%	15.6%	20.0%
RETURN ON INVESTED CAPITAL	23.2%	22.6%	20.9%	16.5%	18.7%
OPERATING EXPENSES	1,482,641	1,293,335	1,323,712	1,655,005	1,423,323
Operating expenses as a % of Sales	13.2%	13.6%	16%	21%	19%



DIRECTORS' REPORT

The Directors of LASCO Manufacturing Limited (the Company) are pleased to present their report for the financial year ended March 31, 2023.

FINANCIAL RESULTS	\$'000
Profit before Taxation	2,666,140
Taxation	(584,243)
Net Profit	2,081,897
Earnings per ordinary stock unit (Cents per share)	50.37 cents

Details of the results for the year were approved by the Board on May 26, 2023 and a comparison with the previous year is set out in the Statement of Profit or Loss and other Comprehensive Income on Page 68.

DIVIDENDS

On June 29, 2022, the Company paid an interim dividend of \$0.10 per share to all Shareholders on record, as at June 10, 2022. 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 provide for the rotation of directors at the Annual General Meeting. The Directors retiring under these Articles are Prof. Rosalea Hamilton and Mr. Compton Rodney and being eligible offer themselves for re-election.

Pursuant to Article 110 of the Articles of Incorporation of the Company, the Managing Director while holding office shall not be subject to retirement by rotation. The Managing Director, who is subject to this Article, is Mr. James E. D. Rawle.

SUBSEQUENT EVENT

On May 27, 2023, our Executive Chairman Honourable Lascelles Chin OJ, CD, LLD (Hon Causa) passed away. His achievements which went beyond his entrepreneurship will long be etched in our memories. We are heartened by the fact that our former Chairman impacted so many lives, leaving a lasting and irreplaceable legacy.

APPOINTMENT OF CHAIRMAN

On June 15, 2023, Mr. James E.D. Rawle, CD was elected Chairman of the Board of Directors of LASCO Manufacturing Limited. Mr. Rawle will function in the position of Executive Chairman also, and has assumed the responsibilities of the late, Executive Chairman, Hon. Lascelles Chin.

Mr. Rawle will continue as Managing Director of LML and in regard to that Company he will perform the dual roles of the Executive Chairman and the Managing Director.

The Directors take this opportunity to thank employees for their continued commitment and loyalty to the Company, and to our customers, distributors, and suppliers for your support throughout the year.

Dated this 28th day of June, 2023

BY ORDER OF THE BOARD

Vincent A. Chen
COMPANY SECRETARY

MESSAGE FROM THE DEPUTY EXECUTIVE CHAIRMAN



Mr. James Rawle, CD
Deputy Executive Chairman,
Managing Director

Despite the challenges of extreme material cost inflation and lingering Supply Chain instability, LASCO Manufacturing delivered solid top and bottom-line results for the year ended March 31, 2023. These results were in line with our expectations and again validated our long-term value creation strategies. At the same time, we continued to increase investments in Brand and marketing support, research and development and technology to ensure continued long term sustainable profitable growth.

The inflationary pressures forced us to adjust selling prices, but the extent of increases was significantly tempered by savings from important and on-going gains in operational efficiencies and disciplined cost management, as we sought to maintain consumer affordability and accessibility of the brands.

The results, under challenging conditions, reflect our commitment to continuously improve operational efficiency and effectiveness at all levels of the company. Key elements included re-engineering of critical processes and activities with digital support and automation, waste, and manufacturing loss reduction, consistently achieving first time quality and organizational simplification to drive agility and flexibility. These initiatives were underpinned by significant investments in brand and marketing support, training, and human resource development. The continued commitment, dedication, and application of our teams at all levels of the organization were pivotal to the results.

HIGHLIGHTS FROM THE YEAR INCLUDE THE FOLLOWING:

- **Sales Revenue** increased 18.6% to \$11.24B (2022: \$9.48B) with gross profit growing to \$4.09B or 17% above the prior year.
- **Gross profit** margin however slipped 40 basis points to 36.3 % due to cost increases that were not fully recovered through pricing or savings. The increase in revenue was entirely organic, fuelled by volume growth and pricing, and reflects the resilience and relevance of our brands.
- **Administrative and Selling Expenses** were \$1.48B or an increase of 14.6% with respect to the prior year. The increase reflects cost pressures but notably the percentage increase was held below the revenue growth.
- **Marketing investments** grew by 16% as we increased the support for the brands and consumer engagement. The expense to sales ratio was 13.2% versus 13.6% in the prior year, benefiting from disciplined cost control.
- **Operating Profit** grew 21% to \$2.69B on the previous year with the operating profit margin increasing by 50 basis points to 23.9%
- **Net Profit** was \$2.082B or 21.9% above the prior year (2022: \$1.707B) with net margin increasing 50 basis points to 18.5%.
- Our Balance Sheet remained healthy. **Total assets** at year-end were \$13.7B, an increase of 14% over the prior year. **Current assets** were \$8.58B with current liabilities being \$1.77B. **Shareholders equity** grew 18.7% to \$11.1B.
- **Earnings per stock** unit increased by 21.9% to \$0.50 (2022: \$0.41).
- **Return on equity** improved to 20.4%, up from 19.8% in the previous year while return on invested capital increased to 23.2%.
- An **interim dividend** of \$0.10 per share totalling \$413.3M was paid to shareholders on 29th June 2022.

STRONG COMMITMENT

As in previous years, we maintained our strong commitment to the responsible use of natural resources and to minimising potential negative impacts of our operations on the natural environment and made good progress on our sustainability goals:

- In the area **water management and conservation** (water stewardship), we realised significant reduction in non-product water usage. Bottled water and refreshing beverages are major and growing segments of our product portfolio. We also achieved savings in variable electricity consumption reflecting improved manufacturing efficiency and the implementation of various eco-efficiency measures. Our **renewable energy** project (solar), after several delays due to supply chain issues, is slated for completion by December 2023 and when commissioned will result in a major reduction in our carbon footprint.
- We maintained our engagement with **Recycling Partners Jamaica** (RPJ) in funding, along with several bottling industry participants, the recovery of plastic bottles (PET&HDPE) from the environment for recycling. The initiative is in its fourth year and continues to make steady progress.
- We continued to fund the **REAP (Relief Environmental Awareness Programme)** which focuses on environmental education in primary schools. Activities under the programme include general environmental sensitization, tree planting, collection of PET bottles from the school environment for recycling and school gardens.

Throughout the year we continued to execute our CSR programmes with core programmes being recognition and Awards for Public Sector professionals, namely for Nurses (Health care) and Educators (Education). In addition, we continued our several social outreach programmes to communities across the country.

RECOGNITION AND AWARDS

The company was declared the winner of the Best Annual Report award for 21/22 (Junior Market) at the Jamaica Stock Exchange (JSE) Corporate Governance Awards ceremony. We were also awarded a CGI Rating of A (CGI Rating Score: 81.44). This assessment was conducted by the JSE through the Corporate Governance Index Review Committee, the independent body with responsibility to measure how well a company conforms to the various principles of Corporate Governance.

Our Board of Directors continued to be proactive and fully engaged providing guidance on overall strategic direction and business performance, corporate governance, audit, and risk management. Board evaluation and training were completed during the year. Areas of training included Corporate Governance, Data Protection, and introductory workshops on Environmental, Social and Governance (ESG) principles.

REMAIN FOCUSED, AGILE

We responded to the numerous challenges and delivered a strong set of results while we continued to invest in our long-term growth drivers. The year ahead will be no less challenging. We anticipate that cost pressures will persist for the medium term because of global macro-economic instability and geopolitical tensions could lead to renewed supply chain instability. As, we have done in the past, we will remain focused, agile, and prudent in executing our plans and take the necessary measures to mitigate potential negative impacts on the business with the constant objective of delivering superior business performance.

We are committed to carrying the momentum that we have developed into 2023/2024 and thereby continue to create sustained value for all our stakeholders. We thank our employees for their exemplary commitment and hard work. We also thank you, our shareholders, for your support, confidence, and trust.

James Rawle

Mr. James Rawle, CD
Deputy Executive Chairman, Managing Director

Lascelles Chin gets medal of distinction

ON TUESDAY, July 28, Lascelles Chin received the Medal of Distinction from the International Federation of Consular Associations of Consuls (FICAC), also known as the World Federation of Consuls. With more than 25 years at the helm of LASCO Distributors and some five decades in business, Lascelles Chin, founder and executive chairman of the LASCO Affiliated Companies, continues to be recognised for his outstanding contribution to the Jamaican economic landscape. At a ceremony at the new dry blend and liquid manufacturing plants of LASCO Manufacturing Limited in White Marl, Spanish Town, the medal was presented by FICAC president Honourable Arnold Foote before an audience of notable ambassadors and dignitaries. Among those present were Robert Ready – Canadian High Commissioner, Shri Pratap Singh – Indian High Commissioner, Patricia Foote, Kenneth Benjamin – founder and executive chairman of the Guardsman Group of Companies, Julie Sutherland – representative from the British High Commission, Sonja Sutherland – executive assistant to the chairman of the Guardsman Group, and Peter Hillarie – general manager of The Jamaica Pegasus hotel.

cereals, canned foods, condiments, baby products, personal care, pharmaceuticals and household products," Foote highlighted. The prestige of such recognition was not lost on Chin. With more than 90 countries and 18,000 individual consuls as members, the FICAC, which was established in 1982, is the oldest institution serving international bilateral relations. Chin, whose business distributes products not only in Jamaica and the wider Caribbean, but also in the USA, Canada, United Kingdom and Central America, gave his guests a tour of the new and expanding facilities of his operations.

OTHER AWARDS

This recognition follows honours and awards that Chin has received from the Jamaica Chamber of Commerce, the Roche Quality Awards and the AMCHAM Jamaica Awards of Excellence for Corporate Social Responsibility, in addition to induction into the PSOJ's Hall of Fame and other recognition and salutations for his entrepreneurial efforts, business acumen and local outreach efforts. From his humble beginnings in rural Jamaica to once being Jamaica's largest trader of black pepper...



AUGUST 2015:

THE BOARD OF DIRECTORS

Hon. Lascelles A. Chin, OJ, CD, LLD. (Hon. Causa)
Executive Chairman

Recipient of the Order of Jamaica for his philanthropy and contribution to the development of commerce and business, Lascelles A. Chin is the Executive Chairman of LASCO Manufacturing Limited, LASCO Distributors Limited and LASCO Financial Services Limited.

This Jamaican born entrepreneur who ventured in to the field of business and commerce over 50 years ago, found opportunities in a variety of sectors; the import of spices and teas, sale of adhesives through his partnership with Henkel, furniture manufacturing, data processing, car rental, horticulture, insurance brokerage, hair products, soya oil refining and chicken processing. As a result of his wealth of knowledge, business experience and always being mindful of his humble beginnings, the Chairman has constantly sought to develop and distribute affordable products.

He shares his ideas and energy with business colleagues and has contributed to prominent Jamaican organization such as the Jamaica Industrial Development Corporation, The Jamaica Exporter's Association and the Jamaica Promotions Corporation (JAMPRO). He is a Director of the University of the West Indies' School of Nursing Advisory Board and the Kings House Foundation.



Some of the accolades / achievements gained by Hon. Lascelles A. Chin are:

2016

- Recipient of Honorary Doctor of Humane Letters Degree (DHL) from Northern Caribbean University
- Recipient of Lifetime Achievement Award, American Chamber of Commerce
- Recipient of the International Achievement "Peacock Award" from the American Friends of Jamaica in Miami, Florida.
- Appointment as a Director of Bureau of Standards Jamaica

2015

- Recipient of Honorary Doctor of Laws Degree (LLD) from the University of Technology Jamaica
- Recipient of the International Federation Association of Consuls (FICAC) Medal of Distinction Award

2013

- Named MoneyGram Brand Ambassador for Jamaica

2011

- Inducted in the Private Sector of Jamaica's Hall of Fame

2009

- Recipient of Inaugural CVM People's Award

2008

- Most Admired Business Leader

2005

- Recipient of American Foundation for UWI Award for Outstanding Contribution to Business in the Caribbean & as a Caribbean Luminary

2004

- Recipient of Florida International University (FIU) Business Leader Award

2002

- Recipient of The Agri-Business Award from the American

Industry. This award has only been won by multinational companies such as Dupont, Monsanto and Dow, Bayer, Ciba Geigy, Zeneca

2001

- Received the 4th highest civilian Jamaican recognition, the Order of Jamaica, in 2001 for his philanthropy and his contribution to the development of commerce/business

1986

- Conferred with the Honour of the Order of Distinction in the rank of Commander Class for outstanding services to Industry and Commerce



Lascelles Chin (left), Janet Davidson (centre) and Audrey Marks-Dunston proudly display their plaques after receiving special awards at the Florida International University (FIU) graduating ceremony on Sunday. Chin received his award being the 'Business Leader of the Year - Male', Marks-Dunston for 'Business Leader of the Year - Female', and Davidson for 'Humanitarian of the Year'.

grants available for food exporters

EXPORT Development Agency (EDA) has announced a new grant scheme for food exporters. The grant is aimed at helping exporters improve their food safety standards and access the European Union (EU) market. The grant is sourced from the 10th European Development Fund (EDF) under the Caribbean Export programme. The Caribbean Export programme is a Regional Private Sector Development Programme (RPSDP) managed by the Caribbean Export Development Agency (CEDA). Sonia Bowen, Caribbean Export programme manager in Christchurch, Barbados, says companies will have to spend first in order to qualify for the grant. She says the grant is available for exporters who are currently exporting to the EU. The grant is available for exporters who are currently exporting to the EU. The grant is available for exporters who are currently exporting to the EU.

To qualify for the maximum euro30,000 grant, the business would have had to spend 42,000 to 43,000 of its own money. The grant is treated as a reimbursement.

Caribbean Export advised exporters of the programme in Kingston at the October 26-27 launch of the 500,000 Special Assistance Programme for food exporters, funded by the European Union. Businesses can access 5,000 under the special assistance programme; applications for more funds up to the cap would be made under the Direct Assistance Grant Scheme.

Companies which will not be eligible include start-ups, firms, entities or individuals.



James E. D. Rawle, CD

Deputy Executive Chairman

Mr. James E.D. Rawle is the Deputy Executive Chairman of LASCO Manufacturing Limited and LASCO Distributors Limited. He is also the Managing Director of LASCO Manufacturing Limited and sits on the Board of LASCO Financial Services Limited. He did undergraduate studies in Natural Sciences at the University of the West Indies, from which he also holds the Master of Science degree 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 for 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 been past Chairman of several Public entities, including The Board of the Bureau of Standards, The Scientific Research Council, The Natural Resources Conservation Authority, The Environmental Foundation of Jamaica, Nutrition Products Limited and The Cocoa Industry Board.

Vincent A. Chen

Non-Executive Director and Company Secretary

Mr. Vincent Anthony Chen holds the position of Director and Company Secretary for all the LASCO Affiliated Companies: LASCO Distributors Limited, LASCO Manufacturing Limited 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 54 years of experience in the field of law having successfully passed the solicitors qualifying examinations set by the LAW Society in England and having passed the common law examinations administered by Osgoode Hall Law School in Canada. He is a partner at the law firm Chen, Green and Company as well as 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. His hobbies include boating and playing cricket, being a proud member of both the Kingston Cricket Club and The Royal Jamaica Yacht Club. He is a member of St. Luke's Church and serves as a member of the Diocesan Council - Diocese of Jamaica and the Cayman Islands and a member of that Council's Finance Board. He is married to Helen and has two daughters.



Jacinth Hall-Tracey

MBA, BA (Hons)

Non-Executive Director

Mrs. Jacinth Hall-Tracey has led the growth, expansion and transformation of the LASCO Financial Services Group for over 18 years. The company is a key industry player in the Remittance, Cambio and Micro loans industries and is now embarking on making a significant mark in electronic retail payment services, providing access to more financial services for the Company's main customer base, the unbanked.

With over 31 years' experience in leading teams including over 21 years developing companies in the financial services sector, Mrs. Hall-Tracey has acquired the insight and expertise to guide the strategic direction of the LASCO Financial Services Group.

Her other Board positions include LASCO Manufacturing Limited, LASCO Distributors Limited and LASCO Microfinance Limited. She holds an MBA from Herriot Watt University, Edinburgh Business School, a certificate in Director's Strategic Guide to Corporate Governance and Leadership and in 2020 completed the Frankfurt Business School's Certified Expert in Microfinance course and the Digital Shift Compliance Course from the Platinum Network.



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 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.



Compton Rodney

FCCA

Independent Non-Executive Director

A Chartered Accountant, a Fellow of the Chartered Association of Certified Accountants (U.K.) and a Fellow of the Institute of Chartered Accountants of Jamaica, Mr. Compton Rodney also holds a B. Sc. (Economics) degree from the University of London.

He is the Registrar of the Public Accountancy Board. He is member of the Board of Directors of the Sports Development Foundation and serves as chairman of its Audit and Human Resources Committees as well as a member of its Finance Committee.

Mr. Rodney served as the Honorary Secretary/Treasurer of the American Chamber of Commerce (AMCHAM) for 28 years and as the Honorary Treasurer of the Jamaica Olympic Association for 27 years. For many years he served as Vice-Chairman of the Kingston Technical High School Board of Management as well as the Chairman of the Multicare Foundation.

In 2009, Mr. Rodney was the recipient of the Distinguished Members Award from the Institute of Chartered Accountants of Jamaica.

Mr. Rodney also serves as a Director on the Board of LASCO Financial Services Limited.



Noel daCosta

CD, BSC, MASc, MBA, FCII, DTech

Independent Non-Executive Director

Mr. Noel daCosta has served on numerous boards in the private and public sectors, as well as on charitable organizations and government appointed national committees. He has been at the helm of several local and international organizations, including the Jamaica Chamber of Commerce, the Jamaica Institution of Engineers, the Jamaica Debates Commission, the Caribbean Breweries Association, the Master Brewers Association of the Americas, United Way of Jamaica, the National Building Code Committee, the Petroleum Trade Reform Committee and the Caribbean Council of United Way Worldwide.

A consultant with over fifteen years' experience in Corporate Relations, he also has over three decades of technical and engineering leadership in the Petroleum and Brewing Industries. He is a founding partner in the Jentech Group of Engineering Companies.

A graduate of the University of the West Indies, he has postgraduate degrees in Engineering from the University of Waterloo, Business Administration from the University of Toronto, and Insurance from the Chartered Insurance Institute (UK), and is a Fellow of the Jamaica Institution of Engineers, as well as the Institution of Chemical Engineers (UK).

In 2012, he was appointed by the Government of Jamaica to the Order of Distinction in the Rank of Commander (CD) for his contribution to engineering and manufacturing, and in 2019, he was conferred with an Honorary Doctor of Technology for his contribution to nation building by the University of Technology.



Professor Rosalea Hamilton

BA (Hons); MIA; LLB (Hons), C.L.E., PhD

Independent Non-Executive Director

Professor Rosalea Hamilton is currently CEO of the LASCO Chin Foundation since June 2018 and Chair of Caribbean Philanthropic Alliance since 2019. She was Vice President at the University of Technology, Jamaica (2008 to 2018) and was awarded a Professorship in the Scotiabank Chair in Entrepreneurship and Development. She established and led The MSME Alliance, a network of small business organizations, for ten (10) years. She also established the Institute of Law & Economics and worked as a consultant and public educator on trade, governance, gender and other areas of economic and social development.

She has taught at the graduate and undergraduate levels in Jamaica and the US. She was Special Advisor and Trade Policy Consultant in the Ministry of Foreign Affairs and Foreign Trade (2000-2003) and served as Chief Advisor to the Prime Minister of Jamaica (May 2006-Sept 2007). She is currently a Board Director for LASCO Manufacturing Limited and the National Integrity Action. She was appointed Honorary Consul for the Republic of Sierra Leone in Jamaica in 2022.



CORPORATE GOVERNANCE STATEMENT

The Board of Directors of LASCO Manufacturing Limited (LML) (“The Board”) is collectively responsible for the long-term success of the Company and the continuation of good governance in the interest of its shareholders. In addition, The Board’s mission is to ensure that the Company continues to grow into a successful and profitable business, while achieving the highest standards of risk management being driven by passion to make LASCO a global corporate leader in innovation and entrepreneurship, a world name synonymous with integrity, objectivity, professional competence, accountability, fairness, transparency, and commitment.

The governance structure of the Company incorporates guidelines and standards based on its Articles of Incorporation, its Policies, Charters, and Terms of Reference adopted by The Board of Directors, and the Rules and regulations of the Jamaica Stock Exchange Junior Market (JSE) and the Jamaica Corporate Governance Code 2021. The Company’s Policies and Charters are updated periodically so as to remain current.

THE BOARD

FUNCTIONS AND RESPONSIBILITIES OF THE BOARD

The Board's roles and responsibilities are governed by the Board Charter. Its responsibilities are to ensure that Management is capable of executing its responsibilities and that there is a successful promotion and growth of the business.

The Board has delegated responsibility for overall management of LASCO Manufacturing Limited to the Managing Director.

The Board is responsible:

- (i) to set and approve policies,
- (ii) to make decisions to the strategies including annual operating plans and budgets,
- (iii) for business development initiatives
- (iv) for major acquisitions and disposal
- (v) for corporate financing, and related treasury activities
- (vi) for Risk management and internal controls
- (vii) to compliance with laws, regulations and code of ethical business conduct
- (viii) for shareholders and other internal and external communication
- (xi) to ensure that shareholders' value is protected.

The Board strives to balance the interests of the Company's diverse constituencies, including its shareholders, customers, suppliers, employees, creditors, and the communities in which it operates. The Company aims to be transparent in its activities, to increase shareholders' confidence and maximize value.

In carrying out its functions, the Board also ensures that the Company, maintains its Corporate Social Responsibility (CSR) activities and Sustainable Environmental Practices. The Board relies on the advice and reports of its Executive Management and the Company Secretary.

BOARD COMPOSITION

As at March 31, 2023, the composition of The Board of LML was eight (8) Directors, of which two are Executive Directors, and six (6) Non-Executive Directors of which three (3) are Independent, Mr. Compton Rodney, Professor Rosalea Hamilton and Mr. Noel daCosta.

MEETINGS

The Board of Directors meets quarterly, and as necessary, will meet for special meetings to deal with pertinent matters. Five (5) meetings were held during the year.

BOARD ACTIVITY HIGHLIGHTS

The solar energy experimental project in collaboration with the United States Agency of International Development (USAID) and the University of the West Indies to install Solar energy on LML's compound continues.

SELECTION AND APPOINTMENT OF DIRECTORS

The Corporate Governance Committee has been assigned the responsibility to identify potential candidates of qualified professionals from which a selection could be made to appoint the potential individual to the Board of LML. The Committee is responsible to arrange interviews and make recommendations to the Board who grants approval for board appointment. The reference for this decision is outlined in LML's Corporate Governance Policy which may be viewed on the Company's website at: <https://www.LASCOjamaica.com/manufacturing/investor-relations/corporate-governance-policy/>

Appointments are made on merit with due regard to the skills, competence and expertise required by The Board of LML. It also takes into consideration diversity. Members of The Board are experienced and respected individuals, with diverse skills and knowledge from different professions.

Further details on the expertise, skills and academic qualifications of our Directors, are outlined in their Profile in this 2023 Annual Report on pages 17-22.

Induction/Orientation: A new director who has been appointed to serve on the Board of the Company participates in an induction programme arranged by the Company Secretary. This induction/orientation includes sharing the vision and mission and core value of the Company, ensuring that the new director is updated with past Board Meeting Minutes, meeting Board Members and Executive Management and is taken on a tour of the Manufacturing Plants.

Training Programmes: The Board recognises the importance of continuous training for its directors. Each Director is required to complete a minimum of 14 hours each year relating to his/her profession or seminars/workshops attended. All Directors fulfilled the requirement over and above the period required in accordance with their profession and other external events during the year under review, including those mentioned below:



SCAN QR CODE to view Corporate Governance Policy and Board Charter.

TOPIC	% attendance
Corporate Governance Training and Workshop 2022/23 inclusive of ESG	100%
Presenter: Faceylaw Consultancy	
Board Evaluation workshop November 2022	100%
Presenter: Faceylaw Consultancy - 2022	
ESG Workshop	100%
Presenter: Jamaica Stock Exchange - 2022	

LEAD INDEPENDENT DIRECTOR'S ROLE AND RESPONSIBILITIES

The term Independent Director refers to 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 (3) years; is not an immediate family member of any director or senior officer of any LASCO Affiliated Company and does not represent a shareholder owning more than 10% of the voting shares of the Company.

The Lead Independent Director of LML is Mr. Compton Rodney. Mr. Rodney shall, among other duties as outlined below, co-ordinate the activities of the Non-Executive Directors and perform such 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 of the Independent Directors, without man-

agement of the Company present and serve as Chairman of such meetings; (ii) meet with the external auditors, in camera, to discuss any findings/difficulties experienced during the audit and (iii) in conjunction with the Executive Chairman, ensure that resources and expertise are available to the Board so that it may function effectively and efficiently, and (iv) co-ordinate the activities of the Non-Executive Directors and perform such other duties and responsibilities as the Board may direct.

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 the Company Secretary.



SCAN QR CODE to view Corporate Governance Policy and Board Charter.

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 provides 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.

The Company stands guided by information in the Corporate Governance Index from the JSE to note where it needs to improve and continue to do so.

The score for 2022 was 81.44 and the rating was A. This was an improvement over the previous year.

LASCO stocks lift JSE junior market

THREE LASCO Group affiliated companies were listed Tuesday, close to a month after more than 1,000 investors snapped up shares in the companies. The three stocks, Lasco Manufacturing (LASM), Lasco Financial (LASF) and Lasco Distributors (LASD) were listed at J\$2.50 each. They debuted on the JSE Junior Exchange to strong interest from the market. LASCO Manufacturing generated the biggest buzz, but after trading in 177,200 of the stock units, LASM closed flat at J\$2.50. LASD rose to J\$2.52 on volumes of 21,400 units, while LASF closed at J\$2.87 on thin trades of 500 units. The value of total trades amounted to J\$498,514. Interest in the Lasco stocks pushed the JSE Junior Market Index up by 3.09 points or 1.22 per cent to close at 257.28. The new market entrants now double the number of JSE junior market listed companies to six. business@gleanerjm.com



RUDOLPH BROWN/PHOTOGRAPHER

Dr Eileen Chin (right), managing director of LASCO Manufacturing Limited, inserts the strip with the company's name on the trading board of the Jamaica Stock Exchange (JSE) Junior Exchange at the ceremonial listing ceremony at the JSE in Kingston yesterday. Others at listing ceremony are (from left) JSE General Manager Marlene Street Forrest; Jacqueline Johnson, general manager LASCO Pharmaceutical Division; executive chairman of LASCO group, Lascelles Chin; Jacinth Hall-Tracey; and Wentworth Graham, JSE chief regulatory officer.



COMMITTEES OF THE BOARD

The Board has three Committees: Audit & Risk Management, Compensation & Human Resources and Corporate Governance. The members of these Committees are appointed by the Board of Directors.

Each Committee has its Charter/Terms of Reference which has been approved by the Board. The Committee's responsibility is to review and revise Policies/Charters annually/biennially and the Board approves them. The Key responsibilities of each Committee are outlined in its Charter/Policy/and terms of Reference which can be viewed on the Company's website at: <https://www.LASCOjamaica.com/manufacturing/investor-relations/corporate-governance-policy/>



SCAN QR CODE
to view Corporate
Governance Policy
and Board Charter.

AUDIT & RISK MANAGEMENT COMMITTEE

The composition of this Committee is three (3) members. The Committee is chaired by Mr. Compton Rodney, who is the Lead Independent Director. Mr. Rodney is a Chartered Accountant and has the expertise and skills suitable for this role. The other independent director is Mr. Noel daCosta and Professor Rosalea Hamilton, Non-Executive director. Other invited directors are: Hon. Lascelles Chin, James E.D. Rawle, Managing Director. The Internal Auditors as well as the Financial Controller, the Deputy General Manager and the Management Accountant are also invited to attend.

Meeting - The Committee meets quarterly. During the year four (4) meetings were held.

At these meetings the Committee analyses the quarterly unaudited financial statements and the audited financial statements to ensure that they were prepared in accordance with the Rules of the International Financial Reporting Standards and the Junior Market Rules of the Jamaica Stock Exchange. These financial Statements for 2022/2023 were approved by the Board of Directors for publication and may be viewed on the Company's website at: <https://www.LASCO-jamaica.com/manufacturing/investor-relations/financial-releases/>

COMPENSATION & HUMAN RESOURCES COMMITTEE

The composition of this Committee is two (2) members. Mr. Vincent Chen who is the Chairman and Professor Rosalea Hamilton. The Executive Chairman is invited to this meeting.

The responsibilities of the Committee are to advise the Board on all matters relating to the compensation of the Executive Chairman, the Managing Director, and the Non-Executive Directors.

The Compensation Committee's Charter requires that the Committee meets at least once per year to review the remuneration of the Executive and Non-Executive Directors.

The Audit Committee Chairman reports to the Board quarterly on matters discussed at its quarterly meetings, and continues to be guided by its established Charter to ensure that:

- The integrity of the financial reporting is in accordance with established standards.
- Timely disclosures are made to the JSE.
- Key risks are identified and managed.

These guidelines were complied with during the financial year.

The Internal Auditors report directly to the Audit and Risk Management Committee. Internal audit services are provided by Ernst and Young. The Committee reviewed and approved the audit plan for the financial year. The Internal Auditors work closely with the management team to establish, improve, and add value to processes and controls in helping to bring effectiveness to risk management and internal controls. Systems, process-flows, policies, and procedures are reviewed periodically.

For the financial year under review, the Committee met as mandated and made its recommendations to the Board of Directors.

The Board seeks to ensure that its directors are reasonably compensated for their services by bench marking against similar companies.

The fees for Non-Executive Directors are highlighted in the financial statements of this Annual Report. The fees paid for the year ended March 31, 2023 totalled \$13.5M.

CORPORATE GOVERNANCE COMMITTEE

The composition of this Committee is two (2) members. The Corporate Governance Committee comprises three (3) members. Mr. Vincent Anthony Chen is the Chairman. Other members are Mr. Compton Rodney and Professor Rosalea Hamilton. The Committee meets twice per year to give oversight in respect of the structure, composition and functioning of the Board and its Committees. The Corporate Governance Committee performs the following duties:

- Recommends and monitors the implementation of a governance structure suited for the Company.
- Oversees the selection, induction, training, and succession planning process for Directors.
- Assists the Board to determine, understand and work within the legal, cultural, and institutional framework that affects the goals and direction of the Company.
- Advises on matters of Corporate Governance.

- Develops policies as are required for the effective governance of the Company.
- Monitors trends and best practices in Corporate Governance to properly discharge the Committee's duties.
- Updates The Board on governance issues as needed.
- Considers possible conflict of interest of Directors.
- Monitors related party transactions of Directors and makes the necessary proposals to the Board in accordance with the Board's Charter.

During the year several policies were drafted, reviewed, and approved by the Board of Directors:

The Corporate Governance Policy and Terms of Reference may be viewed on the Company's Website at: <https://www.LASCOjamaica.com/manufacturing/investor-relations/corporate-governance-policy/>

BOARD PERFORMANCE EVALUATION

The Company completed its annual Board performance evaluation facilitated by an external Corporate Governance Consultant. Areas covered were: Directors' self-evaluation, Board Committees, Board Chairman and Committee Chairman.

From the assessment, recommendations on how to improve board performance with emphasis on good governance were given. This evaluation was also designed to give insight into how the Directors perceived the Board on a whole, and how they are currently performing in key areas. A Board improvement plan was submitted to the Company based on the outcomes.

ATTENDANCE REGISTER

Below is a summary of the attendance register in respect of the meetings held for the financial year ended March 31, 2023.

Meetings	LML AGM	LML BOD	LML Compensation Committee	LML Audit Committee	Corporate Governance
No. of Meetings	1	5	1	4	1
Lascelles Chin	1	5	-	-	-
Eileen Chin	1	4	-	-	-
Noel daCosta	1	4	-	4	-
Rosalea Hamilton	1	4	1	4	1
Jacinth Hall-Tracey	1	4	-	-	-
Vincent Chen	1	5	1	-	1
James Rawle	1	5	-	4	-
Compton Rodney	1	5	-	4	1

The following table outlines the Composition of each Committee:

Meetings	LML Compensation Committee	LML Audit Committee	Corporate Governance
Lascelles Chin	-	-	-
Vincent Chen	√	-	√
Compton Rodney	-	√	√
Noel daCosta	-	√	-
Rosalea Hamilton	√	√	√



RELATIONSHIP WITH SHAREHOLDERS

The Executive Chairman and the Board will maintain contact with Shareholders to understand their issues and concerns. One of the key channels used to disseminate information to our shareholders is the Annual General Meeting (AGM). Shareholders are given the freedom to ask questions at the AGM where views are clarified, and plans of the Company explained.

The Managing Director presents a detailed report on the status of the Company and the future outlook for the benefit of the shareholders to obtain a better understanding of the internal operations of the Company.

Another channel is via the "Management Discussion & Analysis" section in the Annual Report which provides detailed information on the Company's plans and opportunities.

During the year the company made press releases relating to marketing activities and Corporate Social responsibility activities.

The Company has not resumed factory tours to Shareholders due to lingering effects of the COVID virus.

MINUTES OF AGM

Shareholders may request a copy of the AGM minutes from the Company Secretary's Office by contacting us via telephone at 876-749-5272.

CORPORATE SOCIAL RESPONSIBILITY

LASCO Manufacturing Limited continued its commitment to Corporate Social Responsibility (CSR) through Education,

Health, Community Development, Environment and Sports.

The past 22 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. LASCO also acknowledges the Nurses Association of Jamaica where it recognizes the unfailing contribution of the Nurses to health care in Jamaica. The Company is also an active partner of the Recycling Partners of Jamaica.

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

LASCO CHIN FOUNDATION

LML is a contributor and supporter in the activities/programmes of the LASCO Chin Foundation.

During the year, these programmes among others were highlighted. Excerpts can be viewed on page 52 of this Annual Report.

HUMAN RESOURCES

During the year, staff training and meeting continued. Areas covered were (1) Fire & First Aid training, (2) Performance Management training, (3) Occupational Health & Safety. Two (2) key areas of training conducted annually are: Good Manufacturing Practices (GMP) and Hazard Analysis Critical Control Point (HACCP). The Company in collaboration with the National Blood Transfusion Service and LML participated in a blood drive held on the Company's premises. Full details of our Human Resources activities are highlighted on page 46 of this annual report.

NEW

LASCO
FOOD DRINK

NUTRITION NEVER TASTED SO GOOD

LASCO
Soy Food Drink
BEBIDA ALIMENTICIA DE SOYA
ALMOND ALMENDRA

50% LESS SUGAR ONLY 11g OF SUGAR per serving

ALMOND
Great Taste, Reduced Sugar.

#WinningNutrition
LASCOGOODNESS

MANAGEMENT TEAM



James E.D. Rawle, CD
Managing Director



Lisa Watts
Deputy General Manager



Cleverick Dougherty
Plant Manager-Liquid Plant



Daniel Strachan
Plant Manager-Dry Blend Plant



Rhona Rhoden-Muñoz
Purchasing Manager



Sophia Gayle
Financial Controller



Jacqueline Birthwright
Quality Assurance Manager



Jean Grant
Human Resources Manager



Peter Malvo
Warehouse Manager

SHARED SERVICES MANAGEMENT TEAM



Peter Hylton
Information Technology Manager



Danielle Cunningham
Nutrition Marketing Manager
Corporate Communications Manager



Ruel Thompson
Safety/Security &
Community Relations Manager



Joel Gonzalez
Property Manager



Omar Palmer
Food & Beverage Marketing Manager

MD&A

MANAGEMENT DISCUSSION & ANALYSIS

OUR BUSINESS

LASCO Manufacturing Limited was incorporated in October 1994 by the merger of LASCO Foods (Successors) Limited and LASCO Foods Limited. The registered office of the company is located at 27 Red Hills Road, Kingston 10, while the manufacturing facilities are located at White Marl, St. Catherine.

The Company was listed on the Junior Market of the Jamaica Stock Exchange on October 12, 2010, and trades on the Junior Market as LASM.

At listing, the company was entitled to remission of taxes for ten years in the proportion indicated below.

Years 1 to 5: 100%

Years 6 to 10: 50%

The tax remission benefit expired on October 11, 2021, and since then the Company began paying the full corporate taxation at the rate of 25%.

The company has a long history of being the leading producer of Nutritious Powdered Beverages in Jamaica (under the LASCO brand) and is the absolute market leader in this category. Its scope was expanded in 2014 with the entry into Bottled Water and Refreshing Liquid Beverages under the iCool and Lyrix brands. The ranges are made up of multiple formats and flavours and include low sugar variants. All the brands are well accepted and widely distributed in the local market and are exported to over twenty destinations in the Caribbean and North America.

Our strategy is underpinned by programmes of continuous improvement to drive operational efficiencies, cost management, organizational adaptations, and simplification as well as ongoing research and development to deliver product innovations and renovations.

BUSINESS STRATEGY

Over the years, the company has focused on organic growth supported by heavy investments in plant, equipment, state-of-the-art technology, research and development, people development and strong brand and marketing investments to fuel growth.

The company continues to upgrade its facilities and technology and has the capacity and flexibility to increase output for both the local and export markets with affordable, high quality and innovative nutritious and refreshing solutions.

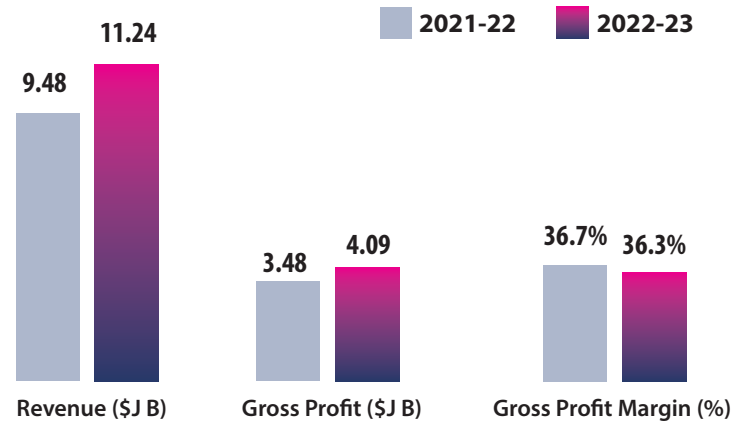
The strategy is underpinned by programmes of continuous improvement to drive operational efficiencies, cost management, organizational adaptations, and simplification as well as ongoing research and development to deliver product innovations and renovations. Focus on quality management and certification to international standards in the areas of Good Manufacturing Practices (GMP), Food Safety Management (HACCP) and Occupational Health and Safety are key underlying activities of the overall strategy.

Our long-term strategy is therefore focused on sustained value creation.



RESULTS OVERVIEW

The year had its challenges- the main ones being extraordinary cost inflation which had significant impact on input costs, and lingering supply chain instability which negatively impacted the efficiency of the operations. As in the past, however, we navigated the challenges and delivered solid results while we continued to invest in our long-term growth drivers. The performance reflects the dedication, agility, and flexibility of all our team members across the organization and our disciplined approach to sustained value creation.



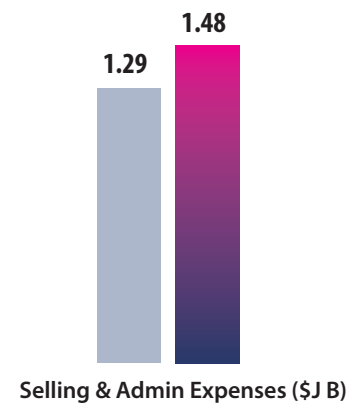
SALES REVENUE

Sales Revenue grew to \$11.24B or 18.6% over the prior year (prior year: \$9.48B). The strong revenue growth reflects broad based volume growth and an element of pricing. Volume growth was particularly strong for the water and refreshing beverage portfolios and was a continuation of the growth seen in the second half of the prior year when the covid pandemic restrictions and containment measures were lifted and channels catering to out of home, on-the-go consumption and schools reopened.

GROSS PROFIT

Gross Profit reached \$4.09B which was 17% above the prior year (prior year: \$3.48B). However Gross Profit margin decreased by 40 basis points to 36.3% (prior year: 36.7%) as price increases were not enough to fully offset

input cost increases. While incremental margin progression remains a priority, we decided that under the circumstance of the extraordinary inflation to complement pricing with higher levels of productivity savings and efficiencies.

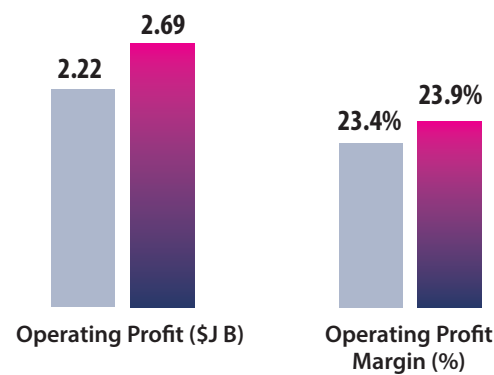
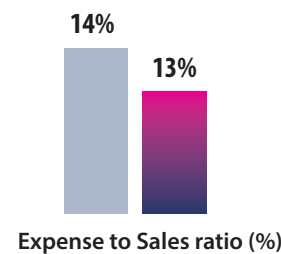


SELLING AND ADMINISTRATIVE EXPENSES

Selling and Administrative expenses, inclusive of marketing investments, were \$1.48B or 14.6% above the prior year reflecting cost inflation pressures.

Marketing investments grew by 16% as we increased brands and marketing support as key growth drivers. The on-going collaboration with our distributor on the realigned approach to consumer communication and engagement continued to yield positive results with a much improved efficiency in overall marketing spend.

The overall expense to sales ratio was 13.2%, (against a sales growth of 18.6%), compared to 13.6% in the prior year.

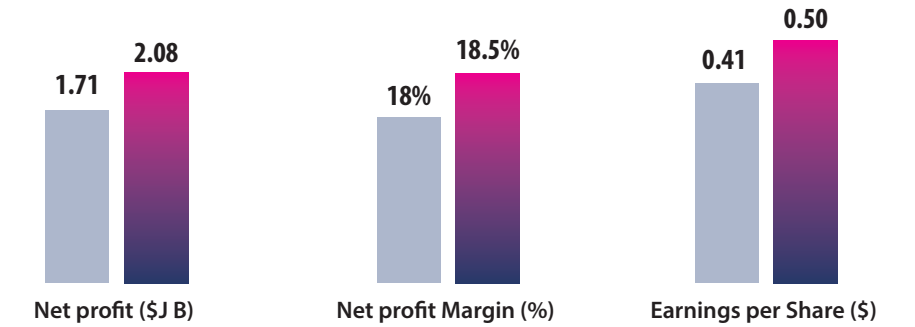


OPERATING PROFIT

Operating Profit grew to \$2.69B a 21% increase on the previous year with operating profit margin increasing by 50 basis points to 23.9%. The margin growth reflects efficiency gains.

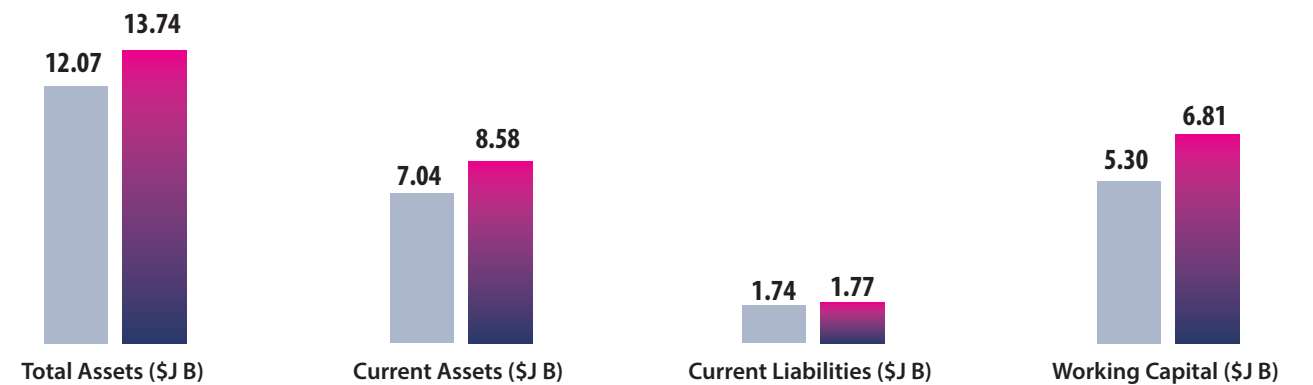
NET PROFIT

Net profit generated was \$2.082B a growth of 21.9% on the prior year (2022: \$1.707B) with net profit margin increasing by 50 basis points to 18.5%. **Earnings per share** increased by 21.9% to \$0.50 (prior year: \$0.41)



FINANCIAL POSITION

Our balance sheet remained very healthy.



Total assets at year-end were \$13.7B an increase of 14% with respect to the prior year. Non-current assets were \$5.2B up from \$5.0B in the previous year.

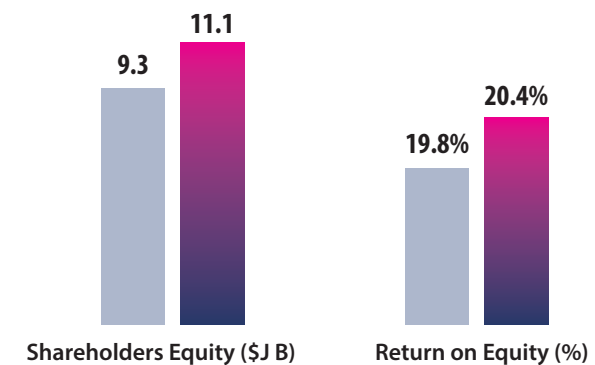
Current Assets increased by \$1.54B to \$8.58B led by inventories and cash and cash equivalents and short-term investments. Inventories increased by \$544M driven by cost inflation and additional safety stocks

of critical materials in the context of supply chain instability while cash and cash equivalents and short-term investment combined totalled \$3.88B. Trade and other receivables remained flat at \$2.50B.

Net Cash Flow from operations was \$1.9B up 24.6% from the prior year.

SHAREHOLDERS' EQUITY

Shareholders' Equity increased to \$11.1B or 18.7% over the previous year (2022: \$9.3B) reflecting the strong profit growth for the year. As a result, Return on Equity increased to 20.4% from 19.8% in the prior year.



RATIOS

The Company had improvements in its financial ratios as follows:

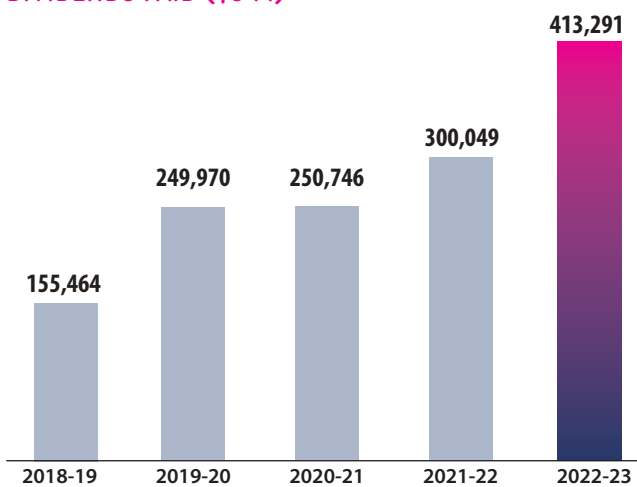
- Cash ratio at 1.26x (2022: 1.16x)
- Quick Ratio to 3.62x (2022: 3.11x)
- Current Ratio to 4.84x (2022: 4.04x)
- Debt to Equity Ratio moved from 0.04x in 2022 to 0.01x due to a decrease in total loans.

FIVE YEAR EVOLUTION

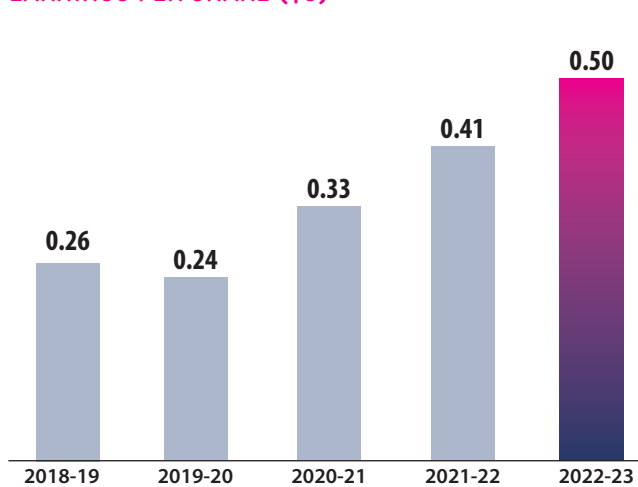


FIVE YEAR EVOLUTION (CONTINUED)

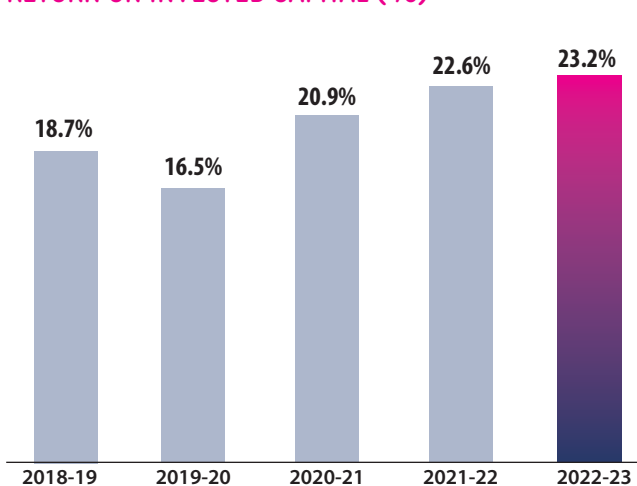
DIVIDENDS PAID (\$J M)



EARNINGS PER SHARE (\$J)



RETURN ON INVESTED CAPITAL (%)



SAVINGS OFFERING ON LASCO FOOD DRINKS



- ✓ Crisp
- ✓ Light
- ✓ Refreshing

RISK MANAGEMENT

LASCO Manufacturing Limited operates in a complex and dynamic environment and understands that a robust risk management system is critical to the achievement of its strategic business objectives and purpose. To this end, the company adopts a risk profile that is aligned to its business strategy to deliver sustainable value creation for its shareholders and other stakeholders through responsible growth and efficient use of resources, while ensuring mitigation of potential negative impacts of the operations on the natural environment. Risk management is therefore integrated into every stage of the company's operations and processes. The Enterprise Risk Management (ERM) framework is designed to identify, analyze, and mitigate risks, to minimize their potential impact on the business.

Our risk management activities support good governance and are aligned to ISO 31000: 2009 Risk Management Principles. They are consistent with best practices of sound risk management, fully aligned with our business strategy and includes:

- A clear structure of accountability, roles, and responsibilities, and the segregation of duties through the application of the "three lines of defence" model.
- Close alignment of risks and explicit consideration of risks into decision-making and performance management.
- Holistic risk management through harnessing synergies of the different functions involved in risk management.

Assessment of risk considers both short- and long-term risk, including how risks are evolving, together with emerging areas of risk.

The Board of Directors has overall accountability for the management of risks and for reviewing the effectiveness of the company's risk management and internal control systems, and therefore:

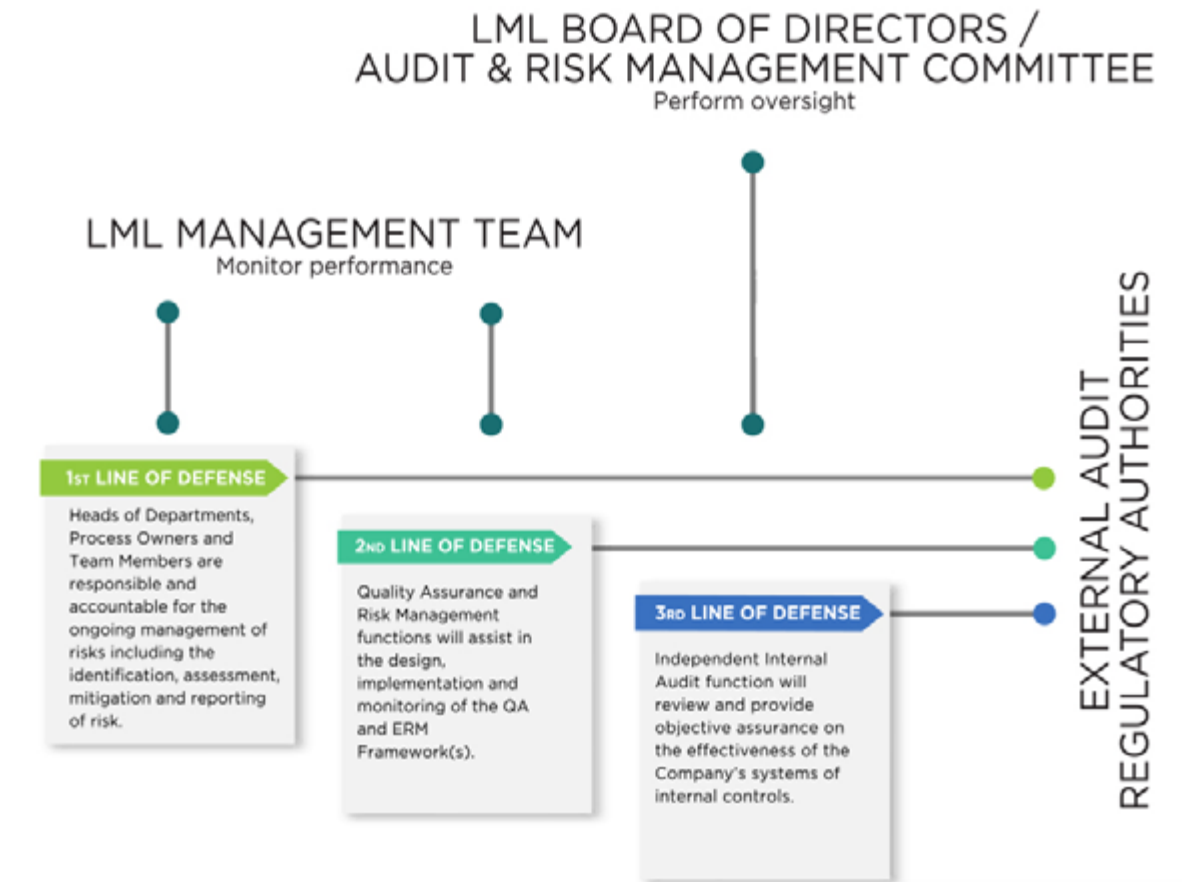
- Sets the "tone at the top" and promotes a safe and sound risk culture.
- Establishes business strategy, incorpo-

rating risk appetite and capital management activities.

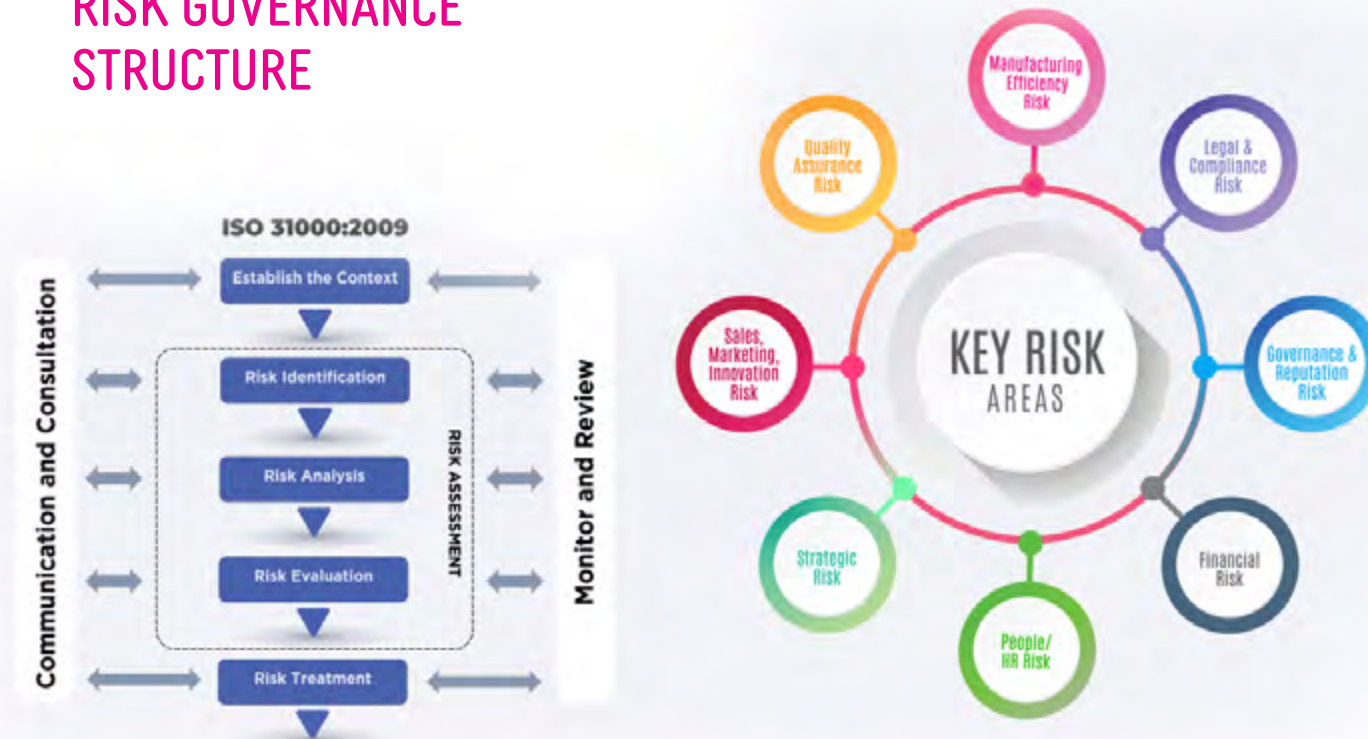
- Approves the risk management framework, policies, roles, and responsibilities.
- Conducts quarterly reviews of key risk management information including significant risk decisions that could have material impact on the business and challenges management where appropriate.

Our risk appetite statements guide the organization with respect to the level of risk we are willing to take for the eight principal risk categories identified from the result of our ongoing Enterprise Risk Assessment. Each risk category is assigned a qualitative risk appetite statement supplemented with key risk indicators, referenced specifically to our business objectives.

The ERM framework leverages robust on-going risk assessments and risk reporting as a means of focusing on the risks that matter most to the organization and to dedicate time and resources in addressing these risks.



RISK GOVERNANCE STRUCTURE



Below are some of the principal risks that are constantly reviewed:

RISK

Product quality and safety

The quality and safety of our products are of fundamental importance for our brands and our reputation. Failure in product quality and safety could result in serious consequences for consumer safety and negatively affect the brand and company's reputation.

MITIGATION MEASURES

Key mitigation measures in place to ensure products are of high quality and safe include comprehensive product quality policies, processes, and controls to prevent contamination and other non-compliance issues. Processes and controls are verified regularly and are monitored through performance indicators. In addition, key suppliers are independently certified, and the quality of material received monitored to ensure that it meets our specifications and quality standards.

Business Operations

Our business depends on purchasing materials and efficient manufacturing and distribution of products to market. Disruptions in the supply chain could impact our ability to ensure timely supplies of materials to our manufacturing site, resulting in our inability to supply products to the market. The cost of material input can significantly affect our product costs, which we might not be able to fully recover through pricing.

Mitigation measures include creating multiple supply options, temporary inventory adjustments to mitigate potential stock outs, active price management and driving efficiency and effectiveness of the operations to generate savings. Efficiency and productivity are rigorously tracked through a suite of performance indicators that drive improvement initiatives.

Product and Packaging

Emerging consumer trends and regulatory initiatives are increasingly focused on healthier foods, labelling, and packaging.

Our innovation and renovation activities through on-going investments in R&D are directed to providing healthy products and we ensure compliance with regulations.

Talent and People engagement

The risk being our inability to attract and retain the skills necessary to achieve our growth and financial targets in an increasingly competitive business environment.

We have programmes to recruit and retain talent as well as developmental programmes to upskill employees for new roles and new ways of working.

RISK

Systems and Security

Operations are increasingly dependent on Information Technology Systems and management of information. Risks of failure and threat of cyber-attacks can disrupt security, reliability, and operational activities.

MITIGATION MEASURES

Our mitigation measures include contingencies and policies to protect systems and data security. Our employees are trained to understand the security requirements.

Environmental Issues /Climate Change

Regulations and legislation relative to the negative impacts on the environment, use of natural resources, waste disposal and climate change - increasing stakeholder concerns.

Our impacts on the environment are constantly monitored and policies and procedures established to guide our practices. Waste minimization, wastewater treatment, recycling of plastic bottles and strict water management are among the areas covered. We are also advancing our renewable (solar) energy programme and continue to pursue a range of eco-efficiency initiatives to reduce our carbon footprint.

Health and Safety

Failure to comply with health and safety regulations could lead to reputational damage to our brands and company, litigation, penalties, accidents, and injuries.

Health and Safety Policies and Procedures are established, and we pursue initiatives to promote safe behaviours throughout the operations. Compliance with local health and safety regulations are rigorously monitored.

Compliance and Ethics

Failure to act with integrity will have a negative impact on our image and brands and could lead to litigation and penalties.

We have in place policies covering Corporate Governance, Code of Ethics and Business Conduct and other compliance programmes that are well established and against which monitoring is done.

In addition, a wide range of operational performance indicators are reviewed to ensure that we are operating within the established framework and targets. Variances are addressed and corrective actions taken.

INTERNAL AUDIT

Recognizing the need to maintain robust and effective internal control processes, the company has outsourced

the internal audit function to Ernst & Young Services Limited, an independent Audit Service provider, which has the requisite skills sets. Audit scope includes reviews of operational and financial performance, compliance with governance, internal and risk management processes. The Audit function reports directly to the Audit and Risk Management Committee of the Board each quarter.

CORPORATE OUTLOOK

The last year was another turbulent one in which we experienced several headwinds, including spiraling material cost inflation and supply chain instability. Despite these constraints we delivered a strong set of results with good top line growth and operating profit margin improvement, reflecting our focus and agility and the strength and relevance of our brands.

We anticipate that cost pressures and an element of supply chain instability will persist for the medium term. These could be exacerbated by ongoing geo-political tensions.

Organic top-line profitable growth remains our top priority, fueled by improving operational efficiency at all levels of the company, strict cost management, continued investments in product Research and Development, and capital expenditure. In addition, we remain committed to continuing robust marketing investments in our brands and other long-term growth drivers, including our ongoing digital transformation which is business led and a fundamental growth enabler.

COMMITMENT, CAPACITY, AND FLEXIBILITY

The performance of the company is ultimately dependent on the commitment, capacity, and flexibility of its human resources. We will therefore continue to invest in the training, development, and empowerment of our people to ensure that they have the skills and competencies necessary for an agile high-performance culture that is necessary to meet the challenges of an increasingly competitive business environment.

We recognize that cost pressures are likely to persist for some time and could trigger price adjustments. As we have done in the past years, we will find the right balance between these potential adjustments and savings through operational efficiency and productivity gains to maintain affordability and



competitiveness of our brands in the marketplace.

Our Enterprise Risk Management (ERM) framework is now well developed and embedded. It will continue to be the basis for the ongoing identification and evaluation of emerging and other risks to allow for timely mitigatory actions to minimize potential negative impacts to the business.

The ongoing collaboration with our Distributor to expand and deepen mar-

ket penetration to make our products widely and readily available in both the domestic and export markets is reaping positive results and will continue to be an area of focus.

The company is resilient, innovative, and agile - attributes that will serve us well in navigating the challenges that may emerge as we continue to focus on delivering consistent growth and enhanced shareholder value.



Plant-based Nutrition





HUMAN RESOURCES

LASCO Manufacturing Limited is proud of its strong and dedicated workforce. Their hard work and dedication are key ingredients to the success of the LASCO brand and the products we manufacture. This year has been marked by resilience, teamwork, and a commitment to fostering a positive work environment.

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At the core of our success lies our people, who are the heartbeat of our organization. We firmly believe that investing in our employees' well-being, growth, and development is key to achieving our business objectives. To that end, we have implemented a range of initiatives focused on talent management and employee engagement.

In keeping with our mission of promoting 'Employee Development', we pursued strategies aimed at realigning our human performance with the business goals. As such, for 2022/2023 we sought to create a developmental path for members of the workforce, undertaking a review and mapping the employee competencies and critical skill sets required to produce and deliver the company's products and services.

In line with our commitment to continuous learning, we have expanded our training and development programs. We understand that fostering a learning culture is essential for individual growth and organizational success. Staff participated in a number of seminars, conferences and workshops catering to both technical and soft skills development, covering critical



areas such as Occupational Health and Safety, Food Science and Safety, Performance Management and Retirement Planning. Through these initiatives, we aim to equip our employees with the necessary skills and knowledge to adapt to industry trends and emerging technologies.

The years ahead are filled with great expectation. As we move forward, our Human Resources Department remains committed to fostering a culture of excellence, continuous improvement, and employee empowerment. We will continue to improve our operational functionalities on areas and systems such as Time and Attendance; and the end-to-end understanding of all our policies and procedures. With this improvement in mind, we will increase efficiencies and effectiveness in our business processes.

Together, we have achieved remarkable milestones and overcome challenges with resilience and determination. We will continue to explore new avenues for development, well-being, and talent acquisition to drive our organization towards even greater heights.

MARKETING HIGHLIGHTS

Building on the foundation established by our founder and in alignment with our ethos, our focus remained on enhancing “Everyday Family Values” through a continued investment in the health, hydration, and overall nutrition of Jamaicans.



50% REDUCED SUGAR SCHOOL TOUR

iCool, with its 50% Reduced Sugar Drink, engaged in a school tour across five schools within Kingston & St. Andrew to increase awareness and reinforce the message that LASCO has healthier options available for children. The Reduced Sugar School Tour was adequate for the brand based on the ever-present reminders by the Ministry of Health and the Ministry of Education regarding the guidelines to reduce students' exposure to and consumption of sugar-sweetened beverages, including fruit drinks, energy drinks and sweetened water. During the tour, students had the opportunity to explore the LASCO iCool Reduced Sugar Station and LASCO 50% Food Drink station. Students engaged in hands-on experiences like interactive displays, taste tests, and educational games.

5K REACH TO RECOVERY PINK RUN

On the 30th of October 2022, LASCO iCool Water partnered with ICWI/Jamaica Reach to Recovery to host its 5K Pink Run. Decked in pink t-shirts, tall pink socks, and pink tutus, LASCO iCool Water was proud to walk and run alongside fellow Jamaicans raising breast cancer awareness, highlighting the importance of early detection, and promoting good health.

The iCool Water team provided support in the form of hydration, distributing bottles of iCool Water and Flavoured Water at each kilometer of the race, with a hydration station at the finish line and a cool-down pack for all participants.

LASCO supports the ICWI/Jamaica Reach to Recovery Pink Run as they seek to raise funds to provide emotional, psychological, and financial support to those diagnosed with and survivors of breast cancer.



SCQ BREAKFAST PROGRAMME



The TVJ's Schools' Challenge Quiz is Jamaica's premier academic competition geared towards encouraging grit and sportsmanship among our youth, which makes LASCO Food Drink the perfect partner.

LASCO Food Drink, is a major supporter of youth academics and athletics as our product contains all essential nutrients, including 7 grams of protein, 20% of daily requirements for calcium, fortified with iron along with other key vitamins and minerals that support brain health and muscle development.

The overall winner: St. Jago High School and county champions – Westwood High School (Cornwall), Charlemont High School (Middlesex), Ardenne High School (Surrey) – were each gifted LASCO Food Drink and other nutritious LASCO products valued at JMD\$100,000 to support the quiz teams as they continue to prepare for the next season. This contribution is a part of the overall \$1.1 Million in cash and prizes for the top performing schools, team members and coaches.

CPL SPONSORSHIP

LASCO Food Drink was appointed as the Official Food Drink and Nutrition Sponsor of the Hero Caribbean Premier League (CPL) for the 2022-24 seasons. This multi-year partnership takes world-class cricket and world-class nutrition from the Caribbean onto the world stage and reinforces the brand's commitment to improving the health of consumers.

First started in 2013, the Hero CPL is a franchise-based T20 format cricket tournament that combines two of the most compelling aspects of Caribbean life – dramatic cricket and a vibrant Carnival atmosphere. The broadcast and digital viewership has passed 500 million in both 2020 and 2021, making it one of the most watched leagues in the world of cricket.

On-air benefits include a virtual logo signage on-field, telecast branding and secondary perimeter branding, amongst other branding efforts.



The LASCO Emerging Player prize was awarded to Barbados Royal - Ramon Simmonds Award presented by CEO, Cricket West Indies - Johnny Grave.



SECONDARY PERIMETER BRANDING



MAYBERRY INVESTMENT ALL ISLAND SWIM MEET



iCool Water was the hydration sponsor of Mayberry Investments' All Island Swim Meet, issuing bottles of water to the preparatory and high school athletes. The brand aims to be the crisp, light and refreshing water of choice.

LASCO iCool believes in investing in young athletes' future and aims to offer support in any way possible to ensure that they operate at their best. Sponsoring this national swim meet has allowed us to witness firsthand the remarkable talent and unwavering determination that these young athletes possess. Their passion for swimming is evident in every stroke, every turn, and every dive. They have shown us the true essence of sportsmanship, resilience, and the pursuit of personal bests.

ISSAC HENRY TRACK MEET



iCool Water was the hydration sponsor of the 2023 SW ISSAC Henry Invitational Track Meet held at the National Stadium. Over the years, this event has done a fantastic job of honouring the late ISSAC Henry, past principal of St Andrew Technical High School. Members of the LASCO team lined the track with water stations to ensure athletes were adequately hydrated throughout the day.

LASCO CHIN FOUNDATION



Sustainable Socio-Economic Intervention (SSI) Entrepreneurship Programme

LASCO Chin Foundation (LCF) resumed its Entrepreneurship programme in 2022 after a two-year hiatus due to the COVID-19 pandemic. We re-engaged active entrepreneurs who benefitted from our first phase of support as well as expanded our programme offerings through partnerships:

SSI ENTREPRENEURSHIP PROGRAMME PHASE II:



Participant, Lorraine Williams, stands proudly in front of the establishment during the LCF team's first business site visit/assessment.

In May 2022 LCF re-engaged 18 entrepreneurs from Kingston and Clarendon, who had successfully completed our Phase I training and who remained active in their business through their Phase II initiative.

These entrepreneurs received training over six months that were based on their business development plans. These sessions addressed business development training needs, obtaining additional equipment, business registration, financial literacy, budgeting, connection to LASCO's Down the Trade and Microfinance services and digital media platform training and development. Refresher sessions were also held on topics taught in Phase I to further assist the entrepreneurs in realizing their 6-months plans and growing their businesses. In addition, LASCO beverages were provided as capital injection to mitigate some of the economic hardship endured during the pandemic.

LCF SSI YOUTH CRIME PREVENTION PROJECT:



From L to R: Paul Irving, Project Manager; Ella Ghartey, MNS, Natalie Wheatle; Local Partner Development; Danielle Cunningham, Corporate Communications Manager; LASCO, Jonah Williams, Entrepreneur; Prof. Rosalea Hamilton, CEO LCF; Tahirah Fraser, Operations and Programme Manager, LCF and Pastor Bruce Fletcher, Operations Save Jamaica.

On September 2022 LCF wrapped up its SSI Youth Crime Prevention project, a partnership with USAID Local Partner Development programme. This project provided 51 at-risk youths from Central Village, Trench Town, Kingston Central and August Town with the business knowledge and life skills needed to sustain livelihood and income-generating opportunities, and to become empowered, productive citizens. Through the project: 50 at-risk youths successfully completed entrepreneurship skills training, 48 of them received LASCO support in the form of barrels and/or beverages as part of their start-up kits for micro-sales businesses and 22 youths were exposed to Cognitive Behavioural Therapy (CBT) aimed at reducing the levels of depression, anxiety and other mental challenges identified among the youth and 27 youths reported receiving alternative livelihood through employment.

WE CARE SWIFT E-SKILLS TRAINING



Jamaican participants pose with Prof. Rosalea Hamilton, LCF CEO, Danielle Cunningham LASCO Corporate Communications Manager, Tahirah Fraser, LCF Operations and Programmes Manager and Project Coordinator Diana Walton following the successful completion of the Skills Training programme.

LCF partnered with the Caribbean Philanthropic Alliance, Zen Studio, Environmental Health Foundation, Trees That Feed Foundation, Bridge Foundation, Operation Save Jamaica, and the Institute of Law and Economics to roll out a Women's Empowerment initiative, entitled 'Women Entrepreneurs in the Caribbean... Active, Resilient & Empowered' (WE CARE) Swift E-Skills Training aimed at building resilience and empowering women by providing entrepreneurial support.

31 entrepreneurs from Jamaica and Trinidad & Tobago successfully completed the programme and were introduced to 21st Century skills necessary to better market themselves and their businesses. All participants received online and in-person training in audiovisual production, e-marketing, social media campaign development, entrepreneurship training, as well as in designing and implementing e-marketing campaigns for a corporate product "LASCO" and a new product "breadfruit bulla". By the end of the training, there was a 23% increase in self-employment, a 29% increase in positive business performance, 2 entrepreneurs registered their business, 7 entrepreneurs created business plans, and 5 entrepreneurs reported gaining access to credit.

LCF ECONOMIC EMPOWERMENT PROGRAMME FOR AT-RISK YOUTHS:



Family Asset Training held with parents and caregivers of Salt Spring, St. James on November 28-29, 2022

LCF is partnering with USAID's Positive Pathways Activity in Jamaica (PPAJ) under their 'Enhancing Economic Opportunities' cluster to provide a diverse set of economic services to parents, caregivers, youths and community members from twelve vulnerable communities.

- Kingston & St. Andrew - Jones Town, Hannah Town, Denham Town
- St. James - Flanker, Norwood, Salt Spring
- St. Catherine - Naggo Head, Gregory Park, New Land
- Clarendon - May Pen, Effortville, Palmers Cross



Peer to Peer Training held with 24 youths from Kingston & St. Andrew, St. James, Clarendon and St. Catherine from November 28-30, 2022

To date the programme has trained 603 parents and caregivers of at-risk youths in 'building family-assets' as well as financial resource management and has trained 24 youth trainers who are working civil society organisations and training centres targeting at-risk youth, to deliver training addressing building family assets, self-employment and workforce development for youth.

The Gleaner's HONOUR AWARDS

JAMAICA 50 EDITION

LASCO ALWAYS GIVING BACK

Cops, teachers, principals and nurses who top their fields are raised to fame with much publicity. For the LASCO boss, the \$250 million spent on the programme is money well spent.

Today, we continue to profile companies that have been nominated for the prestigious 2012 Gleaner Honour Award. LASCO has been nominated in the category public service.

Founder and Executive Chairman of LASCO Affiliated Companies, Lascelles Chin, did not go into business only to make huge sums of money in profit, but, instead, part of his mantra is set on giving back to the public to help better the quality of society.

As a result, millions of dollars is pumped into various social programmes yearly of which several lives have been touched and services improved.

"Having grown up in Jamaica and having started a business, I think that some of the profits that we make need to go back in the country, because not everybody is capable of managing. So the more we get successful is the more we are going to spend on social programmes," the entrepreneur explained to *The Gleaner* in an interview recently in his Red Hills Road-based office.

Chin has been doing good on his promise so far, with LASCO being highly involved in sponsorships of events, partnerships with key sectors to address critical issues and its signature event of honouring persons doing well in some critical professions.

Cops, teachers, principals and nurses who top their fields are raised to fame with much publicity, winning thousands of dollars in cash and prizes after offering exemplary service.

MONEY WELL SPENT

For the LASCO boss, the \$250 million spent on the programme over 12 years is considered money well spent by his group of companies.

"We started the Teacher of the Year competition because a lot of persons were really complaining that the teachers were not as good as before and we tried to help and it is working to bring about improvement so far," he said. "They are all motivated to teach better because unless they get involved in good teaching and good community service they won't be chosen and they regard the position as an honour."

Chin added that the Nurse of the Year competition started as a way to give the professionals the opportunity to get the attention they so deserve and so far it is meeting its objectives.

But for the police competition, Chin said the police were oftentimes lambasted by many citizens who sometimes were more interested in supporting the wrongdoings, which resulted in some members demotivated, confused and quite disgruntled.

Hence he said he opted to help in finding a way to rescue the profession.

He said, "It really encouraged the police to be better professionals because there are a lot of criteria and the judging is based on good attributes and their involvement in the community."

"It is working because all the Top Cops turned out to be fantastic persons, they really helped the community and it so happened that the Top Cops were so good that they got promotion after."

Chin added that the company also hosts training sessions with the targeted groups, which are used to improve the quality service they offer.

Pherone Griffiths, recipient of the teacher of the Year award for 2010-2011, praised the organisation for its contribution to education.

"It is a great achievement and it helped me in terms of my professional development. LASCO has been doing a tremendous job in bridging the gap between the private and public sectors which is good to improve the education standards," he said.

Chin, who was upbeat about the company's contribution to society, added, "We have done a lot of social programmes. We sponsored Olympics; we developed a lot of athletes, sponsored cricket, football and netball."

The company, which offers affordable prices to the public in food products, personal care items and pharmaceuticals, is also big on education, as it continues to sponsor a number of programmes in educational institutions.

The most recent is its partnership with Rootz for an environmental awareness programme in schools across the island. For this, LASCO is spending \$6 million for a tree-planting exercise, which will see 50 primary schools benefiting from the pilot programme which started in August.

Chin stated that LASCO continues to support Collins Close Basic in White Hall Avenue, St Andrew, and Gwen Nell Memorial Basic Schools in Spanish Town,



WINSTON SILL/FREELANCE PHOTOGRAPHER

Lasco's Lascelles Chin

students at the institution have been benefiting from the breakfast programme and it is making a difference at the school.

"LASCO is a lifesaver. There are a number of needy persons in the community and before the breakfast programme there was only a bag juice for breakfast or they ate nothing at all and so it affected their learning," she said.

The first-born baby for each year at the Victoria Jubilee Hospital, University Hospital of the West Indies and Spanish Town Hospital would not be left out as the mothers would be presented with goodies at their bed-sides courtesy of the company.

It doesn't stop there as LASCO is now partnering with JEEP by contributing a large sum of money to help retrain the Rio Cobre in St Catherine.

The entrepreneur said this is urgent as the silt could clog the port which would cost the Government millions of dollars to clear.

The company's head signalled that there is no giving up for LASCO anytime soon. Big on the agenda is an expansion of the social programmes as the profit of the company continues to climb.

"With the building of two new additional factories the expected increase in revenues will help the company to undertake more social programmes to help some needy children. The economy over the world is getting worse and poor people are going to suffer and so we have to help," he argued.

■ LASCO group of companies, which comprises several businesses such as manufacturing, packaging and distribution, started in 1988 in island's capital Kingston.

■ LASCO is a major employer of labour contributing substantially to the island's Gross Domestic Product by its production, distribution and exports.

■ LASCO drives profitability through innovation, efficiency and the delivery of quality customer service, in order to maximize value to all stakeholders.

■ LASCO has a remittance service with 40 locations islandwide.



RUDOLPH BROWN/PHOTOGRAPHER

Lascelles Chin (left), chairman of LASCO Affiliated Companies, and Police Commissioner Owen Ellington (centre) present the LASCO Police Officer of the Year trophy to Corporal Oneil Patterson during the LASCO Police Officer of the Year 2012-2013 awards ceremony at The Jamaica Pegasus hotel in October last year.

Having grown up in Jamaica and having started a business, I think that some of the profits that we make need to go back in the country, because not everybody is capable of managing. So the more we get successful is the more we are going to spend on social programmes.

St Catherine, by providing warm meals through its breakfast programme. It also sponsors TVJ's Schools' Challenge Quiz and *The Gleaner's* annual Spelling Bee Competition.
Regina Hanson, principal of Collins Close Basic School, said the close to 80

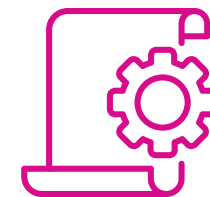


COLIN HAMILTON

Lascelles Chin and his wife Dr Eileen Chin raise a toast at an event last year.



Students enrolled in our SSI Schooling Support Programme receiving certificates for completing the Youth Community Outreach Programme Music Summer Camp



Sustainable Socio-Economic Intervention Schooling Support Programme

Our SSI Schooling Support Programme successfully completed its third year of operation in June 2022 with 21 students who are enrolled in Grade 9 at Clan Carthy High School. At the beginning of the school year our students are assessed and support is provided for each youth according to their specific needs including: their vulnerability, their academic levels, their unresolved psychological and social issues, their parents' levels of involvement, and the functionality of their homes.

To date, our students enrolled in the programme have seen improvements in reading, comprehension and

spelling, with the 'ability to recognize words', and spelling demonstrating the sharpest increases in achievement- from 6 to 10, and from 4 to 7, respectively. Numeracy skills exhibited gradual improvement, moving from an achievement level of 5 to 6.

Our students' intellectual capacities have also steadily improved throughout the year, indicating that the average student functioned at or around their age-appropriate level.

Social work and case management services were rendered to our most vulnerable students. We completed 78 home visits which yielded 67% achievement of the social plan objectives of the home and 6 households were assisted in re-registering for PATH.

Our students also benefitted from psychological interventions, gender mentorship sessions, monthly care package support for the household, life skills session focusing on self-concept, exposure to music, and their parents participate in parenting sessions that provides guidance regarding parenting styles.

CORPORATE SOCIAL RESPONSIBILITY

Nurse of the Year

The Nurses Association of Jamaica celebrated 75 years of service with the return of in-person activities to commemorate International Nurses Day on May 12, 2022, Nurses Week during July 17 – 22, 2022 and the much-anticipated LASCO Nurse of the Year and Student Nurse of the Year Awards Ceremony which was held at the Jamaica Pegasus on July 22, 2022. All celebratory activities commenced under the theme, Nurses: A voice to lead - Invest in nursing and respect rights to secure global health.

The coveted awards of LASCO/NOY and SNOY went to Alicia Adamson, Nurses Manager at Victoria Jubilee Hospital as LASCO Nurse of the Year 2022-2023 and La-Daniel Campbell, a nursing student at Brown's Town Community College as LASCO Student Nurse of the Year 2022-2023, for their well-earned achievements. Their council and dedication emulate our mission to bring "Everyday Family Values" into Jamaican homes and lives. Nurse Adamson was awarded with the LASCO NOY trophy and a \$200,000 cash prize in addition to other gifts while Student Nurse Campbell received \$100,000 in prize money along with a trophy and a gift basket.

As a commitment to ensuring that



the awardees of the LASCO Nurse and Student Nurse of the Year make their mark in community service, LASCO Chin Foundation supports their selected projects throughout the year. The annual Orange Day Walk, held on November 26, 2022 at the Percy Junor Hospital, is one such activity which brings people together to walk in support of stopping violence against women and children. The participants and volunteers as always were hydrated with iCool Water on their purposeful walk. The LASCO Nurse of the Year also leads the an-

nual Easter Bunny Treat which is held at a selected school at which the NAJ supports. On April 9, 2022, over one hundred students of the Bull Bay Primary and Infant School received a boost of fun and treats ahead of the Easter holidays from the Nurses Association of Jamaica (NAJ) and LASCO Chin Foundation. The initiative saw a combined team of over 25 persons engaged in face painting activities, motivational talks, games and special treats courtesy of LASCO.



THE LASCO TEACHER OF THE YEAR AWARD BEGAN IN 1997.



Outstanding Educators

The LASCO Chin Foundation, the Ministry of Education and Youth (MoEY) and the Jamaica Teaching Council (JTC) honoured outstanding educators on Friday February 3, 2023. Nine extraordinary men and women were selected as finalists for the LASCO/MoEY/JTC 2022 Principal and Teacher of the Year Awards.

Overall 130 Educators were recognized and awarded for their outstanding work and contribution to the profession. In line with this year's theme "Embracing Excellence in a Changing Environment", LASCO continues to embrace its calling as a key investor in the social and economic fabric of Jamaica.

Inspired by their drive to innovate and adapt in a constantly evolving learning environment the finalists, selected from six regions holding positions as teachers, principals and teachers in Technical and Vocational Education and Training (TVET) were as follows:

- Jody Brown, Morant Bay Primary; Patrice Graham Kelly, Sydney Pagon STEM Academy; and Suzan Hart, George Headley Primary nominated in the Teachers category.
- Dwayne Mulgrave, Discovery Bay High; Cheryl Grant-Mitchell, Anchovy Primary; and George Goode, Old Harbour Primary nominated in the Principals category.





- Gina Mullings, St. Catherine High; Nyokia Sewell Powell, Troy High; and Sasha Pennicooke, Horace Clarke High emerged as nominees in the Technical and Vocational Education and Training (TVET) category.

The emerging winners in each categories were, Jody Brown as Teacher of the Year, Dwayne Mulgrave as Principal of the Year and Gina Mullings as TVET Teacher of the Year. Each winner received \$100,000 in cash along with a trophy and other gifts from LASCO.

Relief Environmental Awareness Program

The LASCO Relief Environmental Awareness Program (R.E.A.P.) was officially launched on October 7, 2022 at Priory Primary in St. Ann, a previous winner of the competition. Launch events also took place at schools which had previously participated in and won top awards in the R.E.A.P. program in the past: St. Jago Cathedral Preparatory, Highgate Primary, Louise Bennet Primary, and Kendell Primary and Kindergarten. LASCO nourished the students with hearty breakfast meals and supplied hydration beverages for the day of activities at each location.

LASCO R.E.A.P. garnered 41 participating schools for this year's competition which are scheduled to be judged in April 2023 with the formal awards ceremony to take place in June 2023 awarding the schools that come out on top for the most trees planted, the most bottles collected and the best sustainable vegetable garden. During the assessment period, intermediate prizes were given to schools for the best art pieces, songs, poems, essays and fashion created from waste, describing the environment. The winners of these sectional competitions will receive tablets to enhance their learning platform.



As a part of LASCO's Corporate Social Responsibility, our participation in the annual SIGMA Corporate Run on February 12, 2023, translated to our corporate support to their beneficiaries, the University Hospital of the West Indies Paediatric Unit and the Edna Manley College of the Visual and Performing Arts Hope Brooks building. LASCO entered a team of over 200 persons to a financial contribution of \$240,000.

LASCO's adopted school, Gwen Neil Basic School in Central Village, received our continued support throughout the year for special occasions celebrating the children and staff including their annual Christmas treat, their graduation ceremony, activities during Child's Month and Teacher's Day and of course the nutrition program put in place for each semester to provide healthy food options for the children at an annual value of \$180,000.

JCS/Men's Health Fair

In May 2023 LASCO partnered with The Jamaica Cancer Society St. Ann and St. Mary Branch in staging the second Men's Health Fair at the Turtle River Park in Ocho Rios, St. Ann. The health fair is part of an initiative to bring greater awareness to men's health issues. The event was a resounding success with male patrons benefiting from prostate screening, diagnosis and several other medical tests free of cost. LASCO provided hydration for all visitors with iCool Water and Flavoured Water.



SIGMA Corporate Run

LASCO participated in the annual SIGMA Corporate Run held on February 12, 2023, with a team numbering over 200 people. Our financial contribution of \$240,000 supported their beneficiaries - the Edna Manley College of the Visual and Performing Arts' Hope Brooks building and the University Hospital of the West Indies' Paediatric Unit.



2011: LASCO'S
UPGRADES WILL
ENABLE FACTORY
TO NEARLY DOUBLE
SALES BY 2014...
AND TO LAUNCH NEW
PRODUCT LINES.

Billion-dollar plant upgrade for LASCO

LASCO MANUFACTURING Limited (LML) will invest up to US\$11 million (J\$943 million) in a factory upgrade that will enable it to nearly double sales by 2014, management at the public company stated last Thursday at a forum.

The investment will increase capacity at its White Marl, St Catherine factory by 70 per cent enabling it to launch new product lines.

LASCO Manufacturing is one of three divisions of the LASCO Group which listed last year on the Junior Stock Exchange. It packages powdered whole and skimmed milk, as well as manufactures a variety of soy-based products.

NEW PRODUCTS

"LASCO Manufacturing will be embarking on a very large expansion ... the size of the investment is expected to be US\$10-11 million," said Lascelles Chin chairman of LML, while addressing the monthly Mayberry Investors Forum in Kingston last Thursday.

"The expansion will not only see increases in productivity and efficiency, but also the addition of new products - up to 10 product lines."

This expansion will add 70,000 square feet to the existing 100,000 square feet at White Marl, Chin stated.

"We hope to finish the first



FILE

Lascelles Chin, founder and chairman of the LASCO Group of Companies.

phase of expansion by April 2012," said Chin, adding that they will introduce new products for global export.

"We will be exporting to many new territories including African

countries and we already started exporting to Oman."

Chin reasoned that the investment was sound.

"Why spend so much money at this time? We are conservative in our investments when dealing with your money. We are positive of the future for LASCO," he said. "LML will nearly double sales in [the] next two to three years."

This revenue forecast would equate to J\$6 billion by 2014.

DEBT FREE

Lasco's land and building has a \$114.3 million net book value as at March 2011, which represents LML's 50 per cent share in the property held in trust by a related company, its financials stated. Additionally, its machinery and equipment has a J\$40.9 million net book value.

The expansion at White Marl would be financed by cash flow and debt, Lascelles said.

LML held J\$217.5 million in cash and equivalents at its march year end. The company is debt free with long-term liabilities listed at nil.

LML recorded J\$401.2 million in net profit or a 265 per cent increase over year-earlier levels. It benefited from a 15 per cent increase in revenues and reduction in expenses, company representatives said on Thursday.

steven.jackson@gleanerjm.com

AUDITED
FINANCIAL
STATEMENTS



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INDEPENDENT AUDITORS' REPORT

To the Members of
 Lasco Manufacturing Limited

Report on the Financial Statements

Opinion

We have audited the financial statements of Lasco Manufacturing Limited set out on pages 68 to 104, which comprise the statement of financial position at 31 March 2023, 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 2023, 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' International Code of Ethics for Professional Accountants (including International Independence Standards) (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: S. M. McFarlane, J. Hibbert, D. Hobson, B. Vanriel, K. Heron
 Associate Partner: D. Brown

Offices in Montego Bay, Mandeville and Ocho Rios

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INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Lasco Manufacturing Limited

Key audit matters (cont'd)

Key audit matter	How the matter was addressed in our audit
<p>Expected credit losses in relation to financial assets.</p> <p>See notes 3(m)(iii), 5(c)(ii) and 16 to the financial statements for management's related policies and disclosures.</p> <p>At 31 March 2023, trade receivables, net of expected credit losses represented \$2.2 billion or 16.1% of the total assets of the company. \$2.18 billion of trade receivables is due from Lasco Distributors Limited, a related company of which only \$66.0 million is over 30 days.</p> <p>No impairment provision was deemed necessary on the related party balance.</p> <p>For the remainder of the receivables, which represents 0.91% of the overall balance, no amounts were past due, however, the expected credit loss provision matrix was applied and the amount was not considered material.</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 Manufacturing 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 Manufacturing 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 presents a true and fair view.

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.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Lasco Manufacturing Limited

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

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.

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

29 May 2023

LASCO MANUFACTURING LIMITED

Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 March 2023

	<u>Note</u>	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
REVENUE	6	11,242,598	9,481,244
COST OF SALES		(7,155,969)	(5,997,070)
GROSS PROFIT		4,086,629	3,484,174
Other operating income	7	<u>85,212</u>	<u>32,219</u>
		<u>4,171,841</u>	<u>3,516,393</u>
EXPENSES:			
Administrative and other expenses		(1,321,015)	(1,153,529)
Selling and promotion expenses		(161,626)	(139,806)
	8	<u>(1,482,641)</u>	<u>(1,293,335)</u>
OPERATING PROFIT		2,689,200	2,223,058
Finance costs	10	(23,060)	(47,220)
PROFIT BEFORE TAXATION		2,666,140	2,175,838
Taxation	11	(584,243)	(468,353)
NET PROFIT		2,081,897	1,707,485
OTHER COMPREHENSIVE INCOME:			
Item that may not be reclassified to profit or loss - Unrealized gain on financial instruments		<u>80,921</u>	<u>29,549</u>
		<u>80,921</u>	<u>29,549</u>
TOTAL COMPREHENSIVE INCOME		<u>2,162,818</u>	<u>1,737,034</u>
EARNINGS PER STOCK UNIT	12		
Basic		<u>50.37¢</u>	<u>41.31¢</u>

LASCO MANUFACTURING LIMITED

Statement of Financial Position

31 March 2023

	<u>Note</u>	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	13	4,576,464	4,726,058
Investments	14	<u>584,179</u>	<u>300,578</u>
		<u>5,160,643</u>	<u>5,026,636</u>
CURRENT ASSETS:			
Inventories	15	2,163,822	1,619,810
Receivables	16	2,502,471	2,560,577
Tax recoverable		29,257	10,820
Directors' current account	17	1,817	4,306
Short term investments	18	1,659,515	818,651
Cash and cash equivalents	19	<u>2,223,238</u>	<u>2,026,612</u>
		<u>8,580,120</u>	<u>7,040,776</u>
		<u>13,740,763</u>	<u>12,067,412</u>
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	20	563,167	563,167
Other reserve	21(c)	-	171,488
Fair value reserve	22	(3,833)	(84,754)
Retained earnings		<u>10,538,460</u>	<u>8,698,366</u>
		<u>11,097,794</u>	<u>9,348,267</u>
NON-CURRENT LIABILITIES:			
Deferred taxation	23	828,498	817,657
Long term loans	24	<u>43,125</u>	<u>157,180</u>
		<u>871,623</u>	<u>974,837</u>
CURRENT LIABILITIES:			
Payables	25	1,261,700	1,155,967
Related companies	17	-	11,901
Current portion of long term loans	24	114,055	207,387
Taxation		<u>395,591</u>	<u>369,053</u>
		<u>1,771,346</u>	<u>1,744,308</u>
		<u>13,740,763</u>	<u>12,067,412</u>

Approved for issue by the Board of Directors on 26 May 2023 and signed on its behalf by:


James E. D. Rawle, CD
Managing Director

Compton Rodney
Director

LASCO MANUFACTURING LIMITED

Statement of Changes in Equity

Year ended 31 March 2023

	Note	Share Capital \$'000	Other Reserve \$'000	Fair Value Reserve \$'000	Retained Earnings \$'000	Total \$'000
BALANCE AT 31 MARCH 2021		<u>563,167</u>	<u>171,488</u>	<u>(114,303)</u>	<u>7,290,930</u>	<u>7,911,282</u>
TOTAL COMPREHENSIVE INCOME						
Net profit		-	-	-	1,707,485	1,707,485
Other comprehensive income		-	-	29,549	-	29,549
		-	-	29,549	1,707,485	1,737,034
TRANSACTIONS WITH OWNERS						
Dividends	26	-	-	-	(300,049)	(300,049)
BALANCE AT 31 MARCH 2022		<u>563,167</u>	<u>171,488</u>	<u>(84,754)</u>	<u>8,698,366</u>	<u>9,348,267</u>
TOTAL COMPREHENSIVE INCOME						
Net profit		-	-	-	2,081,897	2,081,897
Other comprehensive income		-	-	80,921	-	80,921
Transfer from other reserve	21(c)	-	(171,488)	-	171,488	-
		-	(171,488)	80,921	2,253,385	2,162,818
TRANSACTIONS WITH OWNERS						
Dividends	26	-	-	-	(413,291)	(413,291)
BALANCE AT 31 MARCH 2023		<u>563,167</u>	<u>-</u>	<u>(3,833)</u>	<u>10,538,460</u>	<u>11,097,794</u>

LASCO MANUFACTURING LIMITED

Statement of Cash Flows

Year ended 31 March 2023

	Note	2023 \$'000	2022 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit		2,081,897	1,707,485
Items not affecting cash resources:			
Depreciation	13	270,443	281,624
Adjustment - property, plant and equipment	13	(88,128)	(38,272)
Effect of exchange rate translation		32,279	(53,142)
Interest income	7	(75,624)	(17,990)
Loss/(gain) on disposal of property, plant and equipment		701	(20)
Interest expense	10	23,060	47,220
Taxation expense	11	584,243	468,353
		<u>2,828,871</u>	<u>2,395,258</u>
Changes in operating assets and liabilities:			
Inventories		(544,012)	(364,094)
Receivables		60,053	(281,092)
Related companies		(11,901)	14,525
Taxation recoverable		(18,437)	(5,313)
Payables		116,674	32,336
Directors' current account		2,489	(128)
		<u>2,433,737</u>	<u>1,791,492</u>
Taxation paid		(546,864)	(277,582)
Cash provided by operating activities		<u>1,886,873</u>	<u>1,513,910</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received		72,693	17,155
Short term investments	19(b)	(840,864)	(600,922)
Purchase of quoted equities and bond	14	(202,680)	(50,000)
Purchase of property, plant and equipment	13	(33,432)	(18,757)
Proceeds from disposal of investment		-	50,000
Proceeds from disposal of property, plant and equipment		10	175
Cash used in investing activities		<u>(1,004,273)</u>	<u>(602,349)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest paid		(23,060)	(47,220)
Loan paid		(207,387)	(454,603)
Dividends paid	26	(413,291)	(300,049)
Cash used in financing activities		<u>(643,738)</u>	<u>(801,872)</u>
Increase in cash and cash equivalents		238,862	109,689
Exchange effects on foreign cash balances		(42,236)	58,626
Cash and cash equivalents at beginning of year		<u>2,026,612</u>	<u>1,858,297</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	19	<u>2,223,238</u>	<u>2,026,612</u>

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

31 March 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 27 Red Hills Road, Kingston 10 and it currently operates from premises at White Marl, St. Catherine. The company is listed on the Junior Market of the Jamaica Stock Exchange (JSE).
- (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. 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 their interpretations adopted by the International Accounting Standards Board, and have been prepared under the historical cost convention. 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 amendments are relevant to its operations:

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

31 March 2023

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)

Amendments to IAS 16 'Property, Plant and Equipment', (effective for accounting periods beginning on or after 1 January 2022). The amendment changes the accounting for proceeds from sale of items produced before Property, Plant and Equipment (PPE) is available for use. Previously, IAS 16 requires the proceeds from selling items before intended use to be offset against the cost of PPE. Under the amendments these proceeds are to be included in the statement of profit or loss and should not be deducted from the cost of the PPE.

Annual Improvements to IFRS Standards 2018-2020 cycle (effective for accounting periods beginning on or after 1 January 2022). These amendments include minor changes to the following applicable standards:

- (i) IFRS 9, 'Financial Instruments' amendment clarifies that - for the purpose of performing the '10 per cent test' for derecognition of financial liabilities - in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
- (ii) IFRS 16, 'Leases' amendment removes the illustration of payments from the lessor relating to leasehold improvements.

The adoption of these standards and amendments did not have a significant impact on the company.

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, 'Presentation of Financial Statements', (effective for accounting periods beginning on or after 1 January 2023). These amendments clarify that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The adoption of these amendments is not expected to have a significant impact on the company.

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

31 March 2023

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 IAS 1, 'Presentation of Financial Statements', Practice Statement 2 and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', (effective for accounting periods beginning on or after 1 January 2023). The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The adoption of these amendments is not expected to have a significant impact on the company.

Amendments to IAS 12 'Income Taxes', (effective for accounting periods beginning on or after 1 January 2023). The main change in deferred tax related to assets and liabilities from a single transaction is an exemption from the initial recognition exemption provided in IAS 12.15 and IAS 12.24. accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The company is assessing the impact this amendment will have on its 2024 financial statements.

The company does not expect any other standards or interpretations issued by the IASB but not yet effective, to have a material effect on its financial statements.

(b) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of 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 recognized in profit or loss.

(c) Property, plant and equipment

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

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

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

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 basis at annual rates estimated to write off the carrying value of the assets over the period of their estimated useful lives. Land is not depreciated. The expected useful lives of the other property, plant and equipment are as follows:

Buildings	40 years
Furniture and fixtures	10 years
Machinery and equipment	10 to 20 years
Computer equipment	5 years
Motor vehicles	5 years
Leasehold improvements	5 years

(d) Investments

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.

(e) Inventories

Inventories are stated at the lower of cost and fair value less costs to sell. Cost is determined as follows:

Finished goods	-	Cost of product plus all indirect costs to bring the item to a saleable condition.
Raw material	-	Cost of product plus duty and related cost in bringing the inventories to their present location.

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Inventories (cont'd)

Goods-in-transit - Cost of goods converted at the year end exchange rate.

Net realisable value is the estimate of the 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 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.

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.

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(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.

(i) Borrowings

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Borrowing costs incurred for the construction of the qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

(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.

(k) Trade and other payables

Trade payables are stated at amortised cost.

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(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) Other employee benefits

Employee entitlement to annual 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 employees' 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.

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

31 March 2023

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 its financial assets as amortised cost and fair value through other comprehensive income. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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 recognized 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 cash and cash equivalents, receivables, due from related company and short term deposits.

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand and short term deposits with original maturity 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.

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

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(m) Financial instruments (cont'd)

Financial assets (cont'd)

(ii) Recognition and Measurement

Regular purchases and sales of financial assets are recognized on the trade-date - the date on which the company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

The company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from other comprehensive income and recognized in profit or loss.

(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).

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 amortised cost using the effective interest method. At the reporting date, the following were classified as financial liabilities: long term loans, due to related companies and payables.

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(n) Segment reporting

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's Chief Operation Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

Based on the information presented to and reviewed by the CODM, the entire operations of the company are considered as one operating segment.

(o) 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.

(p) Other receivables

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

(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.

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

(r) Leases

(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.

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(s) Related party balances and transactions

Parties are considered to be related if directly, or indirectly through one or more intermediaries, the party controls, is controlled by or is under common control with the entity (this includes parents, subsidiaries and fellow subsidiaries) has significant influence over the entity or has joint control over the entity. Related party balances and transactions are disclosed for the following:

- (i) Enterprises and individuals owning, directly or indirectly, a significant interest in voting power of the company and /or having significant influence over the company's affairs and close members of the family of these individuals.
- (ii) Key management personnel, that is those persons having authority and responsibility for planning directing and controlling the activities of the company, including directors, officers and close members of the families of these individuals.

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) Fair value estimation

A number of assets and liabilities included in the company's financial statements require measurement at, and/or disclosure of, fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

(i) Fair value estimation (cont'd)

The fair value measurement of the company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilized are; the 'fair value hierarchy':

Level 1	Quoted prices in active markets for identical assets or liabilities. (unadjusted)
Level 2	Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3	Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item.

The fair value of financial instruments traded in active markets, such as investments at fair value either through OCI or through profit or loss, is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in level 1 and comprise equity instruments traded on the JSE.

The fair values of financial instruments that are not traded in an active market are deemed to be/determined as follows:

The carrying values less any impairment provision of financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values due to the short term maturity of these instruments. These financial assets and liabilities are cash and cash equivalents, trade receivables, trade payables, related company balances and unquoted investments.

(ii) 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 MANUFACTURING LIMITED

Notes to the Financial Statements

31 March 2023

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

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

(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.

(v) Measurement of the expected credit loss allowance

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 loss experience over the last 12 months and analysis of future default, that is applied to the balance of the trade receivables.

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.

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

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

31 March 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D):

The company is exposed through its operations to the following financial risks (cont'd):

In common with all other businesses, the company is exposed to risks that 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:

- Receivables
- Cash and bank balances
- Investments
- Payables
- Long term loans
- Short term investments
- Related companies

(b) Financial instruments by category

Financial assets

	Amortised cost		Fair value through other comprehensive income	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cash and bank balances	2,223,238	2,026,612	-	-
Short term investments	1,659,515	818,651	-	-
Receivables	2,201,428	2,263,306	-	-
Investments	250,000	50,000	334,179	250,578
Total financial assets	6,334,181	5,158,569	334,179	250,578

Financial liabilities

	Financial liabilities at amortised cost	
	2023 \$'000	2022 \$'000
Payables	1,020,356	948,310
Long term loans	157,180	364,567
Due to related companies	-	11,901
Total financial liabilities	1,177,536	1,324,778

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

31 March 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(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 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 denominated investments. 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 maximising foreign currency earnings.

Concentration of currency risk

The company's exposure to foreign currency risk was as follows:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Cash and bank balances	771,605	967,283
Short term investments	111,416	113,428
Receivables	107,065	71,298
Payables	<u>(906,520)</u>	<u>(688,047)</u>
	<u>83,566</u>	<u>463,962</u>

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

31 March 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(i) Market risk (cont'd)

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, short term investments, accounts receivable balances and accounts payable balances, and adjusts their translation at the year-end for 4% (2022 - 8%) depreciation and a 1% (2022 - 2%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

	% Change in Currency Rate <u>2023</u>	Effect on Profit before Tax 31 March <u>2023</u> <u>\$'000</u>	% Change in Currency Rate <u>2022</u>	Effect on Profit before Tax 31 March <u>2022</u> <u>\$'000</u>
Currency:				
USD	+1	(836)	+2	(9,279)
USD	-4	<u>3,343</u>	<u>-8</u>	<u>37,117</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 the equity securities price risk arising from its holding in financial assets at fair value through other comprehensive income.

A 6% (2022 - 5%) increase in the price of equity stocks will result in a \$20,051,000 (2022 - \$12,529,000) increase and a 6% (2022 - 5%) decrease in the price of equity stocks will result in a \$20,051,000 (2022 - \$12,529,000) decrease in results or stockholders equity.

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.

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

31 March 2023

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 (cont'd)

The company is primarily exposed to cash flow interest rate risk on its variable rate borrowings. The company analyses its interest rate exposure arising from borrowings on an ongoing basis, taking into consideration the options of refinancing, renewal of existing positions and alternative financing.

Short term investments, fixed deposits and borrowings are the only interest bearing assets and liabilities respectively, within the company. The company's short term investments and fixed deposits are due to mature and re-price respectively, within three months to one year of the reporting date and the company's borrowings are fixed for a period and then revised.

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.

There is no significant exposure to interest rate risk on borrowings. A 1% increase/0.5% decrease (2022 - 3% increase/0.5% decrease) in interest rates on Jamaican dollar borrowings would result in a \$1,572,000 decrease/\$786,000 increase (2022 - \$10,937,000 decrease/ \$1,823,000 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, short term investments, due from related companies and cash and bank balances.

Trade receivables

Revenue transactions in respect of the company's primary operations are done on a 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 MANUFACTURING LIMITED

Notes to the Financial Statements

31 March 2023

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.

The aging of trade receivables is:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
0-30 days	2,115,105	2,203,574
31-60 days	13,724	7,842
Over 60 days	<u>53,124</u>	<u>(11)</u>
	<u>2,181,953</u>	<u>2,211,405</u>

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

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
At 1 April	588	-
Bad debt (written off)/provision	<u>(578)</u>	<u>588</u>
At 31 March	<u>10</u>	<u>588</u>

The majority of the sales are made to a related company and based on payment patterns, no history of default was identified as all payments are made within the year.

The creation and release of provision for expected credit losses have been included in expenses 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 marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

31 March 2023

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 deposit 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	3 to 5 Years \$'000	Total \$'000
31 March 2023				
Payables	1,020,356	-	-	1,020,356
Long term loans	121,464	44,036	-	165,500
Total financial liabilities (contractual maturity dates)	1,141,820	44,036	-	1,185,856
	Within 1 Year \$'000	1 to 2 Years \$'000	3 to 5 Years \$'000	Total \$'000
31 March 2022				
Related companies	11,901	-	-	11,901
Payables	948,310	-	-	948,310
Long term loans	227,263	121,461	44,036	392,760
Total financial liabilities (contractual maturity dates)	1,187,474	121,461	44,036	1,352,971

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

31 March 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(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.

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.

(e) Fair values of financial instruments

The following table presents the company's investments that are measured at fair value. There are no liabilities that are measured at fair value at the year end and the company has no instruments classified in Level 2 or 3 during the year. There were no transfers between levels during the year.

	2021 Level 1 \$'000
Investment securities fair value through other comprehensive income	
Equity securities	334,179
	2022 Level 1 \$'000
Investment securities fair value through other comprehensive income	
Equity securities	250,578

The fair value of financial instruments that are traded in an active market for which there are no quoted market prices, is determined by using valuation techniques. When using valuation techniques, the company uses a variety of methods and makes assumptions that are based on market conditions existing at year end. The following methods and assumptions have been used.

- (i) Investments securities classified as fair value through profit or loss and fair value through other comprehensive income are measured at fair value by reference to quoted market prices when available. If quoted prices are not available, then fair values are estimated on the basis of pricing models or other recognized valuation techniques.
- (ii) The fair value of liquid assets and other assets maturing within three months is assumed to approximate their carrying amount. The assumption is applied to liquid assets and the short term elements of all other financial instruments.
- (iii) The fair value of variable rate financial instruments is assumed to approximate their carrying value.

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

31 March 2023

6. REVENUE:

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

7. OTHER OPERATING INCOME:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Dividends	8,257	8,928
Interest income	75,624	17,990
Other income	<u>1,331</u>	<u>5,301</u>
	<u>85,212</u>	<u>32,219</u>

8. EXPENSES BY NATURE:

Total administrative, selling and other expenses:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Staff costs (note 9)	642,230	567,069
Directors' fees	13,500	15,305
Auditors' remuneration	7,500	7,000
Legal and professional fees	23,113	36,756
Security	27,797	35,455
Insurance	105,084	99,576
Building rental and equipment	-	2,536
Advertising and promotion	166,636	139,218
Foreign exchange loss/(gain)	37,892	(41,094)
Travelling and entertainment	35,652	27,536
Depreciation	270,443	281,624
Donations and subscriptions	46,590	43,831
Printing and stationery	6,789	5,861
Bank charges	3,741	5,633
Utilities	39,816	34,510
Cleaning and sanitation	21,788	18,833
Container expenses	30,458	12,458
Other operating expenses	<u>3,612</u>	<u>1,228</u>
	<u>1,482,641</u>	<u>1,293,335</u>

Included in other operating expenses are expense categories amounting to less than \$3 million.

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

31 March 2023

9. STAFF COSTS:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Salaries and related costs	411,456	376,025
Directors' remuneration	95,452	77,167
Pension costs	10,292	9,439
Staff welfare	<u>125,030</u>	<u>104,438</u>
	<u>642,230</u>	<u>567,069</u>

The average number of persons employed by the company during the year was eighty-one (81), (2022 - eighty-one (81)).

Also included in cost of sales is an amount of \$333,824,000 (2022 - \$287,464,000) representing production workers' staff costs.

10. FINANCE COSTS:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Interest expense	<u>23,060</u>	<u>47,220</u>

11. TAXATION EXPENSE:

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

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Current taxation	573,402	432,754
Deferred taxation (note 23)	<u>10,841</u>	<u>35,599</u>
	<u>584,243</u>	<u>468,353</u>

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

31 March 2023

11. TAXATION EXPENSE (CONT'D):

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

	<u>2023</u> \$'000	<u>2022</u> \$'000
Profit before taxation	2,666,140	2,175,838
Taxation calculated at 25%	666,535	543,960
Adjusted for the effects of:		
Expenses not deducted for tax purposes	84,919	85,374
Net effect of other charges and allowances	(106,733)	(108,793)
Employment tax credit	(60,478)	(52,188)
Taxation change in income statement	<u>584,243</u>	<u>468,353</u>

- (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%

Therefore, on 11 October 2020 the tax benefit expired.

The financial statements have been prepared on the basis that the company will have the full benefit of the tax remissions.

12. EARNINGS PER STOCK UNIT:

Earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the number of ordinary stock units in issue at year-end.

	<u>2023</u>	<u>2022</u>
Net profit attributable to stockholders (\$'000)	2,081,897	1,707,485
Number of ordinary stock units ('000)	4,132,913	4,132,913
Basic earnings per stock unit (¢ per share)	<u>50.37</u>	<u>41.31</u>

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

31 March 2023

13. PROPERTY, PLANT AND EQUIPMENT:

	Land & Buildings \$'000	Machinery & Equipment \$'000	Leasehold Improvement \$'000	Assets under Construction \$'000	Motor Vehicles \$'000	Furniture & Fixtures \$'000	Computer Equipment & Accessories \$'000	Total \$'000
At cost:								
1 April 2021	3,275,744	2,781,939	6,579	137,047	36,711	13,674	419,292	6,670,986
Adjustment	31,408	6,700	-	-	-	96	68	38,272
Additions	-	12,059	-	5,322	-	528	848	18,757
Disposal	-	-	-	-	-	-	(300)	(300)
31 March 2022	3,307,152	2,800,698	6,579	142,369	36,711	14,298	419,908	6,727,715
Transfer	11,641	-	-	(11,641)	-	-	-	-
Adjustment	38,502	49,626	-	-	-	-	-	88,128
Additions	-	25,441	-	-	5,698	951	1,342	33,432
Disposal	-	(116,445)	-	-	(3,200)	(6,682)	(207)	(126,534)
31 March 2023	<u>3,357,295</u>	<u>2,759,320</u>	<u>6,579</u>	<u>130,728</u>	<u>39,209</u>	<u>8,567</u>	<u>421,043</u>	<u>6,722,741</u>
Depreciation:								
1 April 2021	401,432	935,542	6,276	-	29,577	9,005	338,346	1,720,178
Charge for the year	90,552	158,590	247	-	2,213	744	29,278	281,624
Disposal	-	-	-	-	-	-	(145)	(145)
31 March 2022	491,984	1,094,132	6,523	-	31,790	9,749	367,479	2,001,657
Charge for the year	84,844	153,475	56	-	2,918	729	28,421	270,443
Disposal	-	(116,076)	-	-	(3,200)	(6,340)	(207)	(125,823)
31 March 2023	<u>576,828</u>	<u>1,131,531</u>	<u>6,579</u>	<u>-</u>	<u>31,508</u>	<u>4,138</u>	<u>395,693</u>	<u>2,146,277</u>
Net Book Value:								
31 March 2023	<u>2,780,467</u>	<u>1,627,789</u>	<u>-</u>	<u>130,728</u>	<u>7,701</u>	<u>4,429</u>	<u>25,350</u>	<u>4,576,464</u>
31 March 2022	<u>2,815,168</u>	<u>1,706,566</u>	<u>56</u>	<u>142,369</u>	<u>4,921</u>	<u>4,549</u>	<u>52,429</u>	<u>4,726,058</u>

Included in land and buildings is a property located at White Marl, St. Catherine which is owned as Tenants in Common in equal shares with a related company.

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

31 March 2023

14. INVESTMENTS:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
At fair value through other comprehensive income - Quoted equities	334,179	250,578
At amortised cost - Mayberry Investments Limited Bond	200,000	-
Barita Finance Limited Investment Bond	50,000	50,000
	<u>250,000</u>	<u>50,000</u>
	<u>584,179</u>	<u>300,578</u>

Investments are stated at fair value through other comprehensive income represent quoted equities.

Investment at Mayberry Investments Limited represents JMD Fixed Rate Bond issued January 2023, attracts an interest rate of 10.0% and matures July 2024.

Investment at Barita Finance Limited represents JMD Fixed Senior Fixed Rate Bond purchased 17 January 2022, attracts an interest rate of 5.75% and matures on 30 June 2023.

15. INVENTORIES:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Raw materials	1,326,943	1,106,367
Finished goods	240,627	173,694
Goods in transit	596,252	339,749
	<u>2,163,822</u>	<u>1,619,810</u>

16. RECEIVABLES:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Trade receivables	2,181,953	2,211,405
Other receivables	320,518	349,172
	<u>2,502,471</u>	<u>2,560,577</u>

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

31 March 2023

17. RELATED PARTY TRANSACTIONS AND BALANCES:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Transactions during the year		
Purchase of goods/foreign currency: Lasco Financial Services Limited	5,486,600	4,792,548
Sale of goods/services: Lasco Distributors Limited	11,182,998	9,425,805
Lasco Chin Foundation	667	-
	<u>176,640</u>	<u>152,295</u>
Cash donation: Lasco Chin Foundation	15,000	12,000
Key management compensation (included in staff costs - note 9): Key management includes directors (executive) and senior managers - Salaries and other short-term employee benefits	176,640	152,295
Directors' emoluments: Fees Management remuneration (included above)	13,500 95,452	15,305 77,167
Year end balances		
With related companies: Due from - Lasco Distributors Limited (included in non-trade receivable)	55,720	21,253
Lasco Distributors Limited (included in trade receivables)	2,178,145	2,226,747
Lasco Financial Services Limited (included in trade receivables)	2,481	5,909
Lasco Chin Foundation (included in trade receivables)	445	-
Due to - Lasco Distributors Limited	-	11,901

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

31 March 2023

17. RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):

Year end balances (cont'd)

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Due to (cont'd) -		
Lasco Distributors Limited (included in payables)	<u>10,425</u>	<u>12,685</u>
Lasco Distributors Limited (included in accruals)	<u>13,732</u>	<u>9,560</u>
Lasco Chin Foundation (include in other payables)	<u>865</u>	<u>725</u>
There is a forty-five (45) days repayment term of the amounts due to and from related companies.		
With directors and other key management:		
Due from -		
Directors' current account	<u>1,817</u>	<u>4,306</u>

18. SHORT TERM INVESTMENTS:

These represents US\$ interest bearing deposits which have been invested for a period of one (1) year at weighted average interest rates that range from 0.14% to 8.75% (2022 - 3.75% and 0.35%).

19. CASH AND CASH EQUIVALENTS:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Cash at bank and in hand	2,172,574	1,974,995
Short term deposits	<u>50,664</u>	<u>51,617</u>
	<u>2,223,238</u>	<u>2,026,612</u>

(a) The weighted average interest rates on short term deposits denominated in United States dollars were 0.05% and 0.00% (2022 - 0.06% and 0.00%) and these mature within 30 days.

(b) Reconciliation of movements of assets to cash flows from investing activities:

Amounts represents short term investments.

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
At 1 April	818,651	217,729
Addition	800,000	592,111
Interest earned	42,799	1,655
Non cash -		
Foreign exchange adjustment	<u>(1,935)</u>	<u>7,156</u>
At 31 March	<u>1,659,515</u>	<u>818,651</u>

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

31 March 2023

20. SHARE CAPITAL:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Authorised -		
4,427,500,000 ordinary shares of no par value		
Stated capital -		
Issued and fully paid -		
4,132,913,000 ordinary shares of no par value	<u>563,167</u>	<u>563,167</u>

21. OTHER RESERVE:

Stock Option Reserve

(a) Stock option description and movement:

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 key personnel of the company. Consequently, the company has set aside 204,356,000 of the authorised but unissued shares for the stock option plan.

(i) On 11 March 2016, 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 provider	<u>26,000</u>
	<u>2023</u> <u>\$'000</u>
	<u>2022</u> <u>\$'000</u>
Movement on this option:	
At 1 April	14,000
Forfeited	<u>(14,000)</u>
	<u>-</u>
At 31 March	<u>-</u>
	<u>14,000</u>

The options were granted at a subscription price of \$2.90 and are exercisable over a period of four (4) years, at the end of which time unexercised options will expire. The total grant of each director and the 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.

(ii) On 1 June 2017, under the rules of the stock option plan, the following allocations were made:

	<u>No. of shares</u> <u>'000</u>
Executive director and manager	<u>30,000</u>

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

31 March 2023

21. OTHER RESERVE (CONT'D):

Stock Option Reserve (cont'd)

(a) Stock option description and movement (cont'd):

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Movement on this option:		
At 1 April and 31 March	1,200	1,200
Forfeited	<u>(1,200)</u>	<u>-</u>
At 31 March	<u>-</u>	<u>1,200</u>

Stock option description and movement:

The options were granted at a subscription price of \$2.90 and are exercisable over a period of four (4) years, at the end of which time unexercised options will expire. The total grant of director and the manager 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.

(iii) On 3 June 2019, under the rules of the stock option plan, the following allocations were made:

	<u>No. of shares</u> <u>'000</u>
Executive director and managers	<u>94,000</u>

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Movement on this option:		
At 1 April and 31 March	68,550	68,550
Forfeited	<u>(68,550)</u>	<u>-</u>
At 31 March	<u>-</u>	<u>68,550</u>

(b) Fair value of options granted:

The fair value of options granted determined using the Black-Scholes-Merton valuation model was \$43,095,000 in 2016, \$80,931,000 in 2018 and \$198,895,000 in 2021. The significant inputs into the model were the share price of \$3.45, \$4.81 and \$3.81 at the grant date, exercise price of \$2.90, the risk free interest rate of 5.73%, 6.50% and 5.49%, standard deviation of expected share price returns of 75.12%, 66.44% and 64.68%, the option life of four (4) years and expected dividends of \$0.025 and \$0.030, respectively. It is expected that these options will be exercised within two (2) years and for 2021, immediately.

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

31 March 2023

21. OTHER RESERVE (CONT'D):

Stock Option Reserve (cont'd)

(b) Fair value of options granted (cont'd):

	<u>\$'000</u>
The breakdown of the fair value of options granted is as follows:	
Fair value of options granted	299,487
Expensed in 2016	(43,095)
Expensed in 2018	(55,392)
Forfeited in 2018	(25,539)
Expensed in 2020	(198,895)
Option given up in 2020	13,489
Option given up in 2021	<u>9,945</u>
	<u>-</u>

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

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
At 1 April and 31 March	171,488	171,488
Options transferred to other reserves	<u>(171,488)</u>	<u>-</u>
At 31 March	<u>-</u>	<u>171,488</u>

22. FAIR VALUE RESERVE:

This represents the net unrealised deficit 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.

23. DEFERRED TAXATION:

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>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Deferred tax liability	<u>(828,498)</u>	<u>(817,657)</u>

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

31 March 2023

23. DEFERRED TAXES (CONT'D):

The movement in deferred tax is as follows:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Balance at start of year	(817,657)	(782,058)
Charge to profit or loss (note 11)	(10,841)	(35,599)
Balance at end of year	<u>(828,498)</u>	<u>(817,657)</u>

Deferred tax is due to the following temporary differences:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Accelerated capital allowances	(838,507)	(806,623)
Interest receivable	(972)	(239)
Accrued vacation leave	2,911	2,490
Unrealized foreign exchange loss/(gain)	<u>8,070</u>	<u>(13,285)</u>
	<u>(828,498)</u>	<u>(817,657)</u>

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

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Accelerated capital allowance	(31,884)	(28,990)
Interest receivable	(733)	(208)
Accrued vacation leave	(421)	(683)
Unrealized foreign exchange loss/(gain)	<u>22,197</u>	<u>(5,718)</u>
	<u>(10,841)</u>	<u>(35,599)</u>

24. LONG TERM LOANS:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
CIBC FirstCaribbean International (Jamaica) Limited	133,569	261,734
Sagicor Bank Jamaica Limited	<u>23,611</u>	<u>102,833</u>
	157,180	364,567
Less: current portion	<u>(114,055)</u>	<u>(207,387)</u>
	<u>43,125</u>	<u>157,180</u>

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

31 March 2023

24. LONG TERM LOANS (CONT'D):

The CIBC loan attracted an interest rate of 8.7% per annum which was fixed for three years. The loan interest was revised to 7.5% per annum effective 8 March 2020. The loan is amortised over seventy-two months.

The Sagicor demand loan was received 7 July 2020, it is unsecured and attracts interest of 8.5% per annum which is variable for a period of four years.

The loans are secured by the following:

- (i) First mortgage issued by Lasco Manufacturing Limited and Lasco Distributors Limited over each mortgagor's interest in commercial property located at White Marl, St. Catherine and registered at Volume 1092 Folio 796 ("White Marl") in the names of the mortgagors and which mortgage is to be issued by each mortgagor to secure:
 - (a) its indebtedness arising from its borrowing from and other direct liabilities incurred to the bank; and
 - (b) its indebtedness as guarantor of payment of the other mortgagor's indebtedness to the bank as at (a), such guarantee to be limited in each case to the value of the mortgagor's interest in White Marl. The said mortgage to be stamped to cover JMD\$1.207 billion (with power to upstamp) and to be the principal security intended to secure indebtedness arising from advances to Lasco Manufacturing Limited pursuant to this facility letter as well as advances to Lasco Distributors Limited pursuant to a facility letter of even date hereto, issued to Lasco Distributors Limited and in the case of each company, such other indebtedness as may arise pursuant to other agreements with the bank.
- (ii) First debenture over fixed and floating assets of the company.
- (iii) Hypothecation of credit balances held, whether in foreign or local currencies or both, being not less than US\$1.05 million or equivalent.
- (iv) Fire or peril insurance including all risks over building, content (inventories, machinery, equipment) with the interest of the bank noted thereon.
- (v) Overdraft lending agreement of JMD\$605M.

LASCO MANUFACTURING LIMITED
Notes to the Financial Statements

31 March 2023

25. **PAYABLES:**

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Trade payables	903,508	797,459
Other payables and accruals	<u>358,192</u>	<u>358,508</u>

1,261,700 1,155,967

26. **DIVIDENDS:**

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
In respect of 2023	413,291	-
In respect of 2022	<u>-</u>	<u>300,049</u>

By Round Robin Resolution dated 25 May 2022, dividend payment of \$0.10 per share was approved by the Board of Directors.

By Round Robin Resolution dated 24 June 2021, dividend payment of \$0.0726 per share was approved by the Board of Directors.

27. **PENSION SCHEME:**

The company operates a defined contribution pension scheme which is administered by BPM Financial Limited and is open to all permanent employees.

The scheme is funded by the company's and employees' contributions. The company's contributions to the scheme are expensed and amounted to \$10,292,000 (2022 - \$9,439,000) for the year.

28. **LEASES:**

The company leases warehouse space under lease agreements with terms of one (1) year, payable monthly.

The leases are short term. The company has not recognised right-of use assets and lease liability for these leases as these leases are exempted based on the recognition criteria for IFRS 16, Leases, as well as management's intent.

29. **CONTINGENT LIABILITIES:**

The company's banker, CIBC First Caribbean International (Jamaica) Limited has issued guarantees in favour of third parties totalling \$100,000,000 (2022 - \$50,000,000).



POSTAGE STAMP

FORM OF PROXY

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 on my/our behalf at the Annual General Meeting of the Company to

be held on Wednesday, October 4, 2023 at 11:00am, in the Montego Bay Suite Room at the Jamaica

Pegasus Hotel, 81 Knutsford Boulevard, Kingston 5 adjournment thereof.

Signed this _____ day of _____ 2023

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.



The Registrar and Transfer Agent
 Jamaica Central Securities Depository
 40 Harbour Street
 Kingston



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TASTED SO GOOD**



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  **LASCOGOODNESS**