



# **LASCO MANUFACTURING LIMITED**

INTERIM REPORT

(SIX MONTHS)

30 SEPTEMBER 2011

## UNAUDITED RESULTS

Lasco Manufacturing Limited's second quarter showed continuous growth. Year to date the company's turnover has grown by \$148m or 10% from \$1.43b during the same period in 2010 to \$1.58b in 2011. Gross Profit increased by 9%, from \$427m in 2010 to \$463.6m in 2011. Net Profit, however, increased by 55% over previous year increasing from \$197m as at June 2010 to \$306m in 2011.

Lasco Manufacturing Limited team is mindful of the challenging economic times we face, thus we continue to focus our effort to achieve greater efficiency and performance, through cost reduction, productivity and procurement initiatives. These initiatives should ensure reward for our stakeholders. Our goal is to build a sustainable and profitable business by positioning ourselves to maintain revenue and profit growth.

During this quarter the company sponsored the Nurse of the Year award for a cost of \$2.2m. The management of Lasco Manufacturing Limited wishes to congratulate our Nurse of the Year Sophia Thomas-Daley. We have also commenced a marketing programme "Lasco Food Drink Megamillion\$ Funanza" which is geared to increase market share and build brand recognition and traction as a preamble for the introduction of new products into the market. Lasco Manufacturing Limited paid in August, dividend of \$61m or 10% of the profit for the year ended March 2011.

Lasco Manufacturing Limited continues undergoing the exciting phase of implementation of the expansion plan. The plan entails the relocation, modernization and expansion of the manufacturing facility, which will boost operations, improve efficiencies, productivity and reduce operational costs. It is expected that construction of the 137,000 square feet facility will break ground by mid November. The company has already commenced the purchasing of machinery and other assets, which are being financed out of cash flow.

We at Lasco Manufacturing Limited are committed to our Strategic Plan, competitive products and prices for our customers and strong financial performance for our shareholders.



**Dr. Eileen Chin MBA**

**Managing Director**

**Lasco Manufacturing Limited**

## Statement of Comprehensive Income

Six Months Ended 30 September 2011

(Unaudited)

|  | 3 months to<br>30 Sept 2011<br>\$'000 | 3 months to<br>30 Sept 2010<br>\$'000 | 6 months to<br>30 Sept 2011<br>\$'000 | 6 months to<br>30 Sept 2010<br>\$'000 |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Revenue  | 794,833                               | 795,970                               | 1,579,386                             | 1,430,685                             |
| Cost of Sales                                    | 578,270                               | 554,357                               | 1,115,908                             | 1,003,507                             |
| Gross Profit                                     | 216,563                               | 241,613                               | 463,478                               | 427,178                               |
| Other Income                                     | 6,789                                 | 6,710                                 | 13,583                                | 13,659                                |
| Operating Expenses                               | (68,597)                              | (88,662)                              | (170,975)                             | (159,620)                             |
| Profit from Operations                           | 154,755                               | 159,661                               | 306,086                               | 281,217                               |
| Finance Cost                                     | 418                                   | (14,936)                              | 74                                    | (20,290)                              |
| Profit Before Taxation                           | 155,173                               | 144,725                               | 306,160                               | 260,927                               |
| Taxation   | -                                     | (26,000)                              | -                                     | (63,400)                              |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b> | <b>155,173</b>                        | <b>118,725</b>                        | <b>306,160</b>                        | <b>197,527</b>                        |
| Number of stock units issued                     | 4                                     | 408,713                               | 326,344                               | 408,713                               |
| Earnings per Stock Unit During the Period        | 0.38                                  | 0.36                                  | 0.75                                  | 0.61                                  |

**Lasco Manufacturing Limited**  
**Statement of Financial Position**  
**30-Sep-2011**  
(Unaudited)

|                                | Period ended<br>SEP-11<br>\$'000 | Period ended<br>SEP-10<br>\$'000 | Year ended<br>MAR-11<br>\$'000 |
|--------------------------------|----------------------------------|----------------------------------|--------------------------------|
| <b>NET ASSETS EMPLOYED</b>     |                                  |                                  |                                |
| <b>Non-Current Assets</b>      |                                  |                                  |                                |
| Property, Plant & Equipment    | 173,567                          | 203,522                          | 192,055                        |
| Capital Work in Progress       | 394,215                          | 0                                | 9,195                          |
| <b>Current Assets</b>          |                                  |                                  |                                |
| Inventories                    | 209,592                          | 225,123                          | 503,649                        |
| Trade and other receivables    | 444,927                          | 683,292                          | 400,660                        |
| Related companies              | 11,483                           | 0                                | 10,493                         |
| Cash                           | 177,093                          | 366,939                          | 217,535                        |
|                                | 843,095                          | 1,275,354                        | 1,132,337                      |
| <b>Current Liabilities</b>     |                                  |                                  |                                |
| Trade and Other Payables       | 274,859                          | 354,645                          | 412,082                        |
| Director's current account     | 0                                | 123,851                          | 0                              |
| Corporation Tax Payable        | 29,319                           | 69,702                           | 59,661                         |
|                                | 304,178                          | 548,198                          | 471,743                        |
| Net Current Assets             | 538,917                          | 727,156                          | 660,594                        |
|                                | 1,106,699                        | 930,678                          | 861,844                        |
| <b>Financed by:</b>            |                                  |                                  |                                |
| Share Capital                  | 4                                | 305,298                          | 305,298                        |
| Capital Reserves               | 924                              | 924                              | 924                            |
| Retained Earnings              | 462,719                          | 122,247                          | 122,248                        |
| Current Earnings               | 306,160                          | 197,527                          | 401,776                        |
|                                | 1,075,101                        | 624,038                          | 830,246                        |
| <b>Non-Current Liabilities</b> |                                  |                                  |                                |
| Deferred Taxation              | 31,598                           | 15,586                           | 31,598                         |
| Long Term Debt                 | 0                                | 291,054                          | 0                              |
|                                | 1,106,699                        | 930,678                          | 861,844                        |

Approved for issue by the Board of Directors on 24 October 2011 and signed on its behalf by:



Lascelles Chin Chairman



Eileen Chin Director

**Lasco Manufacturing Limited**  
**Statement of Cashflows**  
**Six Months ended 30 September 2011**  
**(Unaudited)**

|   | SEP-11<br>\$'000 | SEP-10<br>\$'000 |
|---|------------------|------------------|
| <b>SOURCES/(USES) OF CASH</b>   |                  |                  |
| <b>Operating Activities</b>   |                  |                  |
| Profit for the period   | 306,160          | 197,527          |
| Items not affecting cash  | 17,798           | 100,170          |
| Changes in non-cash working capital   | (303,786)        | (253,139)        |
| Items not affecting cash and changes in non-cash working capital components | (285,988)        | (152,969)        |
| Cash provided by Operating Activities                                       | 20,172           | 44,558           |
| Cash used in Investing Activities   | (1,147)          | (84,079)         |
| Cash used in Financing Activities   | (59,467)         | 188,705          |
| Increase in Cash  | (40,442)         | 149,184          |
| <b>Cash at the beginning of the period</b>                                  | <b>217,535</b>   | <b>217,755</b>   |
| <b>Cash at the end of the period</b>  | <b>177,093</b>   | <b>366,939</b>   |
| <b>Comprised of:</b>  |                  |                  |
| Fixed Deposit   | 138,453          | 248,887          |
| Cash at Bank  | 38,640           | 118,052          |
|   | <u>177,093</u>   | <u>366,939</u>   |

**Lasco Manufacturing Limited**  
Statement of Changes in Stockholders' Equity  
Six Months ended 30 September 2011  
(Unaudited)

|   | <b>2011</b>             |                           |                             |                  |
|---|-------------------------|---------------------------|-----------------------------|------------------|
|   | Share Capital<br>\$'000 | Capital Reserve<br>\$'000 | Retained Earnings<br>\$'000 | Total<br>\$'000  |
| Balance at 1 April 2011                   | 305,298                 | 924                       | 524,024                     | 830,246          |
| Dividend                                  | 0                       | 0                         | (61,305)                    | (61,305)         |
| Total Comprehensive Income for the period | 0                       | 0                         | 306,160                     | 306,160          |
| <b>Balance at 30 September 2011</b>       | <b>305,298</b>          | <b>924</b>                | <b>768,879</b>              | <b>1,075,101</b> |

|   | <b>2010</b>             |                           |                             |                 |
|---|-------------------------|---------------------------|-----------------------------|-----------------|
|   | Share Capital<br>\$'000 | Capital Reserve<br>\$'000 | Retained Earnings<br>\$'000 | Total<br>\$'000 |
| Balance at 1 April 2010                   | 128,990                 | 924                       | 122,247                     | 252,161         |
| Shares Issued                             | 174,350                 | 0                         | 0                           | 174,350         |
| Total Comprehensive Income for the period | 0                       | 0                         | 197,527                     | 197,527         |
| <b>Balance at 30 September 2010</b>       | <b>303,340</b>          | <b>924</b>                | <b>319,774</b>              | <b>624,038</b>  |

**LASCO MANUFACTURING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SIX MONTHS ENDED 30 SEPTEMBER 2011**

**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 leased premises at 38½ Red Hills Road, Kingston 10.
  
- (b) The principal activities of the company are the manufacturing of soy based products and packaging of milk based products. Distribution of these products is done in the local and export markets.

**2. SIGNIFICANT ACCOUNTING POLICIES:**

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 provisions of the Jamaican Companies Act.

**3. AMALGAMATION OF THE BUSINESS OF LASCO FOODS:**

Lasco Manufacturing Limited formerly known as Lasco Foods (Successors) amalgamated the business of LASCO Foods Limited (“LASCO Foods”) with that of its own.

**LASCO MANUFACTURING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SIX MONTHS ENDED 30 SEPTEMBER 2011**

**4. SHARE CAPITAL:**

|                                 | 2011           | 2010           |
|---------------------------------|----------------|----------------|
|                                 | <u>\$'000</u>  | <u>\$'000</u>  |
| Authorised -                    |                |                |
| Number of Ordinary shares       |                |                |
| 442,750,000 - 30 September 2011 |                |                |
| 442,750,000 - 30 September 2010 |                |                |
| Issued -                        |                |                |
| Number of Ordinary shares       |                |                |
| 408,713,017 - 30 September 2011 |                |                |
| 407,929,926 - 30 September 2010 | <u>305,298</u> | <u>303,340</u> |

**5. EARNINGS PER SHARE:**

The weighted average number of shares in issue for 2010 reflects the 2.53 split in the number of shares in issue up to 13 August 2010.