

LASCO MANUFACTURING LIMITED FINANCIAL REPORT

INDEX

Independent Auditors' Report Members 44

FINANCIAL STATEMENTS

Statement of Comprehensive Income 46

Statement of Financial Position 47

Statement of Changes in Shareholders' Equity 48

Statement of Cash Flows 59

Notes to the Financial Statements 50



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Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Members of
Lasco Manufacturing Limited

Report on the Financial Statements

We have audited the financial statements of Lasco Manufacturing Limited set out on pages 46 to 71, which comprise the statement of financial position as at 31 March 2012, and the statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and consistently applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the company's preparation and fair presentation of the financial statements 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Lasco Manufacturing Limited

Opinion

In our opinion, the financial statements give a true and fair view of the company's financial position as at 31 March 2012, and of its financial performance, changes in shareholders' equity and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the provisions of the Jamaican Companies Act.

Report on additional requirements of 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 and the financial statements are in agreement therewith, and give the information required by the Act, in the manner so required.

A handwritten signature in black ink, appearing to read 'BDO', written in a cursive style.

Chartered Accountants

30 May 2012

LASCO MANUFACTURING LIMITED
Statement of Comprehensive Income


Year Ended 31, March 2012

	<u>Note</u>	<u>2012</u> <u>\$'000</u>	<u>2011</u> <u>\$'000</u>
REVENUE	5	3,227,502	2,969,611
COST OF SALES		<u>(2,234,270)</u>	<u>(2,035,110)</u>
GROSS PROFIT		993,232	934,501
Other operating income	6	<u>33,509</u>	<u>47,646</u>
		<u>1,026,741</u>	<u>982,147</u>
EXPENSES:			
Administrative and other expenses		(383,186)	(340,706)
Selling and promotion expenses		<u>(79,675)</u>	<u>(85,293)</u>
	7	<u>(462,861)</u>	<u>(425,999)</u>
PROFIT FROM OPERATIONS		563,880	556,148
Finance costs	8	<u>(2,671)</u>	<u>(37,701)</u>
PROFIT BEFORE TAXATION	9	561,209	518,447
Taxation	10	<u>26,551</u>	<u>(116,671)</u>
NET PROFIT FOR THE YEAR, BEING TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>587,760</u>	<u>401,776</u>
Earnings per stock unit	11	<u>\$1.44</u>	<u>\$1.04</u>


LASCO MANUFACTURING LIMITED**Statement of Financial Position****Year Ended 31 March 2012**

	<u>Note</u>	<u>2012</u> <u>\$'000</u>	<u>2011</u> <u>\$'000</u>
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	13	212,989	192,055
Capital work-in-progress	14	<u>796,617</u>	<u>-</u>
		<u>1,009,606</u>	<u>192,055</u>
CURRENT ASSETS:			
Inventories	15	278,693	486,615
Receivables	16	446,642	419,085
Tax recoverable		12,475	-
Related companies	17	10,721	10,493
Cash and cash equivalents	18	<u>34,618</u>	<u>229,300</u>
		<u>783,149</u>	<u>1,145,493</u>
		<u>1,792,755</u>	<u>1,337,548</u>
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY:			
Share capital	19	305,298	305,298
Retained earnings		<u>1,051,404</u>	<u>524,948</u>
		<u>1,356,702</u>	<u>830,246</u>
NON-CURRENT LIABILITY:			
Deferred tax liability	20	<u>-</u>	<u>31,598</u>
CURRENT LIABILITIES:			
Payables	21	231,973	404,278
Bank overdraft	18	204,080	11,765
Taxation		<u>-</u>	<u>59,661</u>
		<u>436,053</u>	<u>475,704</u>
		<u>1,792,755</u>	<u>1,337,548</u>

Approved for issue by the Board of Directors on 30 May 2012 and signed on its behalf by:



 L A Chin Chairman



 Eileen Chin Director

LASCO MANUFACTURING LIMITED**Statement of Changes in Shareholders' Equity****Year Ended 31 March 2012**

	<u>Note</u>	<u>Share Capital \$'000</u>	<u>Retained Earnings \$'000</u>	<u>Total \$'000</u>
Balance at 1 April 2010		128,990	123,172	252,162
Issue of shares		176,308	-	176,308
Total comprehensive income for the year		<u>-</u>	<u>401,776</u>	<u>401,776</u>
Balance at 31 March 2011		305,298	524,948	830,246
Total comprehensive income for the year		-	587,760	587,760
Dividends	12	<u>-</u>	<u>(61,304)</u>	<u>(61,304)</u>
Balance at 31 March 2012		<u><u>305,298</u></u>	<u><u>1,051,404</u></u>	<u><u>1,356,702</u></u>

LASCO MANUFACTURING LIMITED**Statement of Cash Flows****Year Ended 31 March 2012**

	<u>2012</u> <u>\$'000</u>	<u>2011</u> <u>\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit	587,760	401,776
Adjustments for:		
Effects of exchange rate translation	-	1,087
Depreciation	36,652	47,921
Interest income	(5,089)	(20,567)
Deferred taxation	(31,598)	16,013
Gain on disposal of property, plant and equipment	(6,827)	(575)
Interest expense	2,671	37,701
Taxation expense	<u>5,047</u>	<u>100,658</u>
Operating cash flows before movements in working capital	588,616	584,014
Changes in operating assets and liabilities:		
Inventories	207,922	(329,742)
Receivables	(27,934)	126,971
Related companies	(228)	(10,493)
Payables	(172,305)	173,847
Director's current account	-	(263,746)
	<u>596,071</u>	<u>280,851</u>
Taxation paid	(77,183)	(79,970)
Net cash provided by operating activities	<u>518,888</u>	<u>200,881</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	5,466	20,180
Purchase of property, plant and equipment	(60,569)	(97,703)
Proceeds from disposal of property, plant and equipment	9,810	575
Capital work-in-progress	<u>(796,617)</u>	<u>-</u>
Net cash used in investing activities	<u>(841,910)</u>	<u>(76,948)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issue of shares net of expenses	-	176,308
Interest paid	(2,671)	(37,701)
Loan repayments	-	(262,760)
Dividends paid	<u>(61,304)</u>	<u>-</u>
Net cash used in financing activities	<u>(63,975)</u>	<u>(124,153)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(386,997)	(220)
Cash and cash equivalents at beginning of year	<u>217,535</u>	<u>217,755</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 18)	<u>(169,462)</u>	<u>217,535</u>

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

Year Ended 31 March 2012

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. The company is listed on the Junior Market of the Jamaica Stock Exchange.
- (b) The principal activities of the company are the manufacturing of soy based products and packaging of milk based products. Distribution of these products is done in the local and export markets.

2. REPORTING CURRENCY:

These financial statements are presented using Jamaican dollars which is considered the currency of the primary economic environment in which the company operates (“the functional 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. Where necessary, prior year comparatives have been restated and reclassified to conform to current year presentation.

(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 provisions of the Jamaican Companies Act.

The preparation of financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and contingent liabilities at the end of the reporting period and the revenue and expenses during the reporting period. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis and any adjustments that may be necessary would be reflected in the year in which actual results are known. The areas involving a higher degree of judgment in complexity or areas where assumptions or estimates are significant to the financial statements are discussed below:

LASCO MANUFACTURING LIMITED**Notes to the Financial Statements****Year Ended 31 March 31 2012****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):****(a) Basis of preparation (cont'd) -****(i) Allowance for impairment losses on receivables**

In determining amounts recorded for impairment losses on receivables in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be measurable decrease in estimated future cash flows from receivables, for example, through unfavourable economic conditions and default. Management will apply historical loss experience to individually significant receivables with similar characteristics such as credit risk where impairment indicators are not observable in their respect.

(ii) Net realizable value of inventories

Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amounts the inventories are expected to realise. These estimates take into consideration fluctuations of price or costs directly relating to events occurring after the end of the year to the extent that such events confirm conditions existing at the end of the year.

(iii) 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.

(iv) Expected useful life and residual value of property, plant and equipment

The expected useful life and residual value of an asset are reviewed at least at each financial year end. Useful life of an asset is defined in terms of the asset's expected utility to the company.

(v) Fair value of financial assets

The management uses its judgment in selecting appropriate valuation techniques to determine fair values of financial assets adopting valuation techniques commonly used by market practitioners supported by appropriate assumptions.

LASCO MANUFACTURING LIMITED**Notes to the Financial Statements****Year Ended 31 March 2012****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):****(a) Basis of preparation (cont'd) -****Standards, interpretations and amendments to published standards effective in the reporting period.**

During the reporting period, new standards, interpretations and amendments were applied for the first time from 1 April 2011. None of these had a material effect on the financial statements but have given rise to revised or additional disclosures.

Standards, interpretations and amendments to published standards that are not yet effective.

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 which were not yet effective. Those which are considered relevant to the company are as follows:

IAS 1 (Amended)	Presentation of Financial Statements (effective for annual reporting periods beginning on or after 1 July 2012), amendments to revise the way other comprehensive income is presented.
IAS 32 (Amended)	Financial Instruments: Presentation (effective for annual reporting periods beginning on or after 1 January 2014), amendments to application guidance on the off-settling of financial assets and financial liabilities.
IFRS 7 (Amended)	Financial Instruments: Disclosures (effective for annual reporting periods beginning on or after 1 January 2015), requires additional disclosures for transfers of financial assets. It lists transferred assets that are derecognised in their entirety and those not derecognised in their entirety.
IFRS 9	Financial Instruments (effective for annual reporting periods beginning on or after 1 January 2015), introduces new requirements for classifying and measuring financial assets. It also includes guidance on classification and measurement of financial liabilities designated as fair value through profit or loss. The standard also amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments designated as fair value through other comprehensive income.

LASCO MANUFACTURING LIMITED**Notes to the Financial Statements****Year Ended 31 March 2012****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):****(a) Basis of preparation (cont'd) -**

Standards, interpretations and amendments to published standards that are not yet effective (cont'd).

IFRS 13	Fair Value Measurement (effective for annual reporting periods beginning on or after 1 January 2013), defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements.
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The directors anticipate that the adoption of the standards, amendments and interpretations, which are relevant in future periods, is unlikely to have any material impact on the financial statements.

(b) 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.

(c) Foreign currency translation -

Transactions in foreign currencies are converted into the functional currency at the exchange rates prevailing at the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currency are translated using the exchange rates ruling at that date. Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the statement of comprehensive income.

(d) Revenue recognition

Revenue is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, allowances and discounts.

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

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

Year Ended 31 March 2012

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(e) Property, plant and equipment -

Property, plant and equipment are stated at historical or “deemed cost” less accumulated depreciation and accumulated impairment losses.

Depreciation 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. Annual rates are as follows:

Buildings	2½%
Furniture and fixtures	10%
Machinery and equipment	10%
Computer equipment	20%
Motor vehicles	20%
Leasehold improvement	20%

Land is not depreciated as it is deemed to have an indefinite life.

Gains and losses on disposal are determined by comparing proceeds with carrying amounts and are included in the income statement.

(f) Inventories -

Inventories are stated at the lower of cost and net realisable value. Cost is determined as follows:

Finished goods - Cost of product plus all indirect costs to bring the item to a saleable condition.

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.

(g) Provisions -

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

Year Ended 31 March 2012

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(h) Financial instruments

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

Financial assets

The company classifies its financial assets in the following categories: at fair value through profit and loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Financial assets at fair value through comprehensive income

This category includes financial assets held for trading.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. Changes in the fair value of financial assets classified as available-for-sale are recognised in other comprehensive income.

Financial liabilities

The company's financial liabilities are initially measured at fair value, and are subsequently measured at amortized cost using the effective interest method. These liabilities are classified as payables and bank overdraft and included in current liabilities on the statement of financial position.

LASCO MANUFACTURING LIMITED**Notes to the Financial Statements****Year Ended 31 March 2012****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):****(i) Impairment -**

The carrying amounts of the company's tangible and intangible assets are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

(j) Trade receivables -

Trade receivables are carried at original invoice amounts less provision made for doubtful receivables and impairment of these receivables based on a review of all outstanding amounts at the year-end. Bad debts are written off when identified. A provision for doubtful debt is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables.

(k) Taxation -

Taxation expense in the statement of comprehensive income comprises current and deferred tax charges. Current and deferred taxes are recognised as income tax expense or benefit in the statement of comprehensive income except where they relate to items recorded in equity, in which case, they are also charged or credited to equity.

(i) Current income taxes

Current income tax is the expected taxation payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable and tax losses in respect of previous years.

(ii) Deferred income taxes

Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred income tax assets are recognised for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilised.

Deferred income tax assets and liabilities are measured at tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on enacted rates.

LASCO MANUFACTURING LIMITED**Notes to the Financial Statements****Year Ended 31 March 2012****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):****(l) Cash and cash equivalents -**

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, in hand, deposits and short term highly liquid investments with original maturities of three months or less, net of bank overdraft.

(m) Trade and other payables -

Trade and other payables are stated at amortized cost.

(n) Employee benefits -

The company participates in a defined contribution plan, the assets of which are held separately from those of the company. Contributions to the plan made on the basis provided for in the rules are charged to the statement of income when due. Once the contributions have been paid, the company has no further obligations.

(o) Share capital -

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

(p) Other receivables -

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

(q) Dividends -

Dividends are recognised when they become legally payable. In case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by shareholders at the Annual General Meeting.

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

Year Ended 31 March 2012

4. FINANCIAL RISK MANAGEMENT:

(a) Financial risk factors -

The company's activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk, liquidity risk, interest rate risk and operational risk. The company's overall risk management policies are established to identify and analyze the risks faced by the company and to set appropriate risk limits and controls and to monitor risk and adherence to limits. The risk management framework is based on guidelines set by the Board of Directors together with management and seeks to minimize potential adverse effects on the company's financial performance.

(i) Market risk -

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 security or its issuer or factors affecting all instruments traded in the market. The company has no exposure to market risk as there are no traded securities.

Currency risk

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

Foreign exchange risk arises from transactions for purchases and US Dollar denominated investments. The company's exposure to foreign currency risk was as follows:

	<u>2012</u> <u>\$'000</u>	<u>2011</u> <u>\$'000</u>
(US\$)		
Cash and cash equivalents	391	1,749
Accounts receivable	539	730
Payables	<u>(2,490)</u>	<u>(3,831)</u>
	<u>(1,560)</u>	<u>(1,352)</u>
	<u>2012</u> <u>\$'000</u>	<u>2011</u> <u>\$'000</u>
Payables (GBP)	<u>(2)</u>	<u>-</u>

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

Year Ended 31 March 2012

4. FINANCIAL RISK MANAGEMENT:

(a) Financial risk factors (cont'd) -

(i) Market risk (cont'd) -

Sensitivity analysis

Changes in the exchange rates of the Jamaican dollar (JA\$) to the United States dollar (US\$) would have the effects as described below:

	Increase/(decrease) in profit for the year	
	<u>2012</u>	<u>2011</u>
	<u>\$'000</u>	<u>\$'000</u>
1% strengthening/weakening of the US\$ against the JA\$	<u>1,361</u>	<u>5,784</u>

The analysis assumes that all other variables, in particular interest rates, remain constant. It is performed on the basis of 1% (2011 - 5%) movement in exchange rate.

Exchange rates in terms of the Jamaican dollar for US\$1 were as follows:

31 March 2012	87.27
31 March 2011	85.57

The company manages its foreign exchange 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.

(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. The company has significant concentrations of credit risk with related companies. The company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The company manages its credit risk by screening its customers, establishing credit limits and the rigorous follow-up of receivables and ensuring investments are low-risk or, are held with reputable financial institutions.

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

Year Ended 31 March 2012

4. FINANCIAL RISK MANAGEMENT (CONT'D):

(a) Financial risk factors (cont'd) -

(ii) Credit risk (cont'd) -

The maximum exposure to credit risk at the reporting date is represented by the carrying amount of each financial asset as follows:

	Carrying Amount	
	<u>2012</u>	<u>2011</u>
	<u>\$'000</u>	<u>\$'000</u>
Cash and cash equivalents	34,618	229,300
Receivables	446,642	419,085
Due from related companies	<u>10,721</u>	<u>10,493</u>
	<u>491,981</u>	<u>658,878</u>

There were no changes in the company's approach to managing credit risk during the year.

(iii) 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. As the company has no significant interest bearing assets or liabilities, the company's income and operating cash flows are substantially independent of changes in market interest rates. The company's interest rate risk arises from cash and cash equivalents and bank overdraft.

(iv) Liquidity risk -

Liquidity risk, also referred to as funding risk, is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, and the availability of funding through an adequate amount of committed facilities. Due to the dynamic nature of the underlying business, the management of the company maintains an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments.

LASCO MANUFACTURING LIMITED**Notes to the Financial Statements****Year Ended 31 March 2012****4. FINANCIAL RISK MANAGEMENT (CONT'D):**

(a) Financial risk factors (cont'd) -

(iv) Liquidity risk (cont'd) -

The following are the contractual maturities of financial liabilities measured at amortised cost, including interest payments. The tables show the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the company can be required to settle:

	<u>2012</u>		
	Carrying Amount	Contractual Cash Flows	6 Months or less
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Payables	231,973	231,973	231,973
Bank overdraft	<u>204,080</u>	<u>204,080</u>	<u>204,080</u>
Total financial liabilities	<u>436,053</u>	<u>436,053</u>	<u>436,053</u>

	<u>2011</u>		
	Carrying Amount	Contractual Cash Flows	6 Months or less
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Payables	404,278	404,278	404,278
Bank overdraft	<u>11,765</u>	<u>11,765</u>	<u>11,765</u>
Total financial liabilities	<u>416,043</u>	<u>416,043</u>	<u>416,043</u>

(v) Cash flow risk -

Cash flow risk is the risk that the future cash flows associated with a monetary financial instrument will fluctuate in amount. The company manages this risk through budgetary measures, ensuring, as far as possible, that fluctuations in cash flows relating to monetary financial assets and liabilities are matched, to mitigate any significant adverse cash flows.

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

Year Ended 31 March 2012

4. FINANCIAL RISK MANAGEMENT (CONT'D):

(a) Financial risk factors (cont'd) -

(vi) Operational risk -

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the company's processes, personnel, technology and external factors, other than financial risks, such as generally accepted standards of corporate behaviour. The company manages operational risk so as to avoid financial loss and damage to its reputation.

(b) Capital management -

The Board's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital which the company defines as the total shareholders' equity. The level of dividends to ordinary shareholders is also monitored. There was no other externally imposed capital requirement and no change in the company's capital management process during the year.

(c) Fair value estimation -

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The amounts included in the financial statements for cash and cash equivalents, receivables, payables, borrowing facilities and related party balances reflect their approximate fair value because of the short term maturity of these instruments.

Long term liabilities reflect the company's contractual obligations and are carried at amortised cost, which is deemed to approximate the fair value of these liabilities because these liabilities are subject to such terms and conditions as are available in the market for similar instruments.

5. REVENUE:

Revenue represents the price of goods sold after discounts and allowances.

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

Year Ended 31 March 2012

6.	OTHER OPERATING INCOME:		
		<u>2012</u>	<u>2011</u>
		<u>\$'000</u>	<u>\$'000</u>
	Interest income	5,089	20,567
	Management fees	26,840	27,079
	Rental income	192	-
	Other income	<u>1,388</u>	<u>-</u>
		<u>33,509</u>	<u>47,646</u>
7.	EXPENSES BY NATURE:		
	Total administrative, selling and other expenses:		
		<u>2012</u>	<u>2011</u>
		<u>\$'000</u>	<u>\$'000</u>
	Staff costs (note 22)	104,441	106,890
	Directors' expense	44,192	28,484
	Advertising and promotion	80,932	70,327
	Foreign exchange loss	1,558	1,087
	Travelling and entertainment	28,348	18,987
	Other operating expenses	<u>203,390</u>	<u>200,224</u>
		<u>462,861</u>	<u>425,999</u>
8.	FINANCE COSTS:		
		<u>2012</u>	<u>2011</u>
		<u>\$'000</u>	<u>\$'000</u>
	Interest expense -		
	Loans	-	31,739
	Other	<u>2,671</u>	<u>5,962</u>
		<u>2,671</u>	<u>37,701</u>

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

Year Ended 31 March 2012

9. PROFIT BEFORE TAXATION:

Profit before taxation is stated after charging/(crediting):

	<u>2012</u> <u>\$'000</u>	<u>2011</u> <u>\$'000</u>
Directors' emoluments -		
Fees	1,458	639
Management remuneration	42,734	27,845
Auditors' remuneration -		
Current year	4,000	3,200
Prior year under provision	349	-
Bad debts	685	370
Gain on disposal of property, plant and equipment	(6,827)	(575)
Depreciation	<u>36,652</u>	<u>47,921</u>

10. TAXATION:

- (a) Taxation is based on the operating results for the year, adjusted for taxation purposes, and is made up as follows:

	<u>2012</u> <u>\$'000</u>	<u>2011</u> <u>\$'000</u>
Current year income tax @ 33 1/3%	-	100,658
Prior year under provision	5,047	-
Deferred taxation (note 20)	(31,598)	16,013
Taxation (credit)/charge in income statement	<u>(26,551)</u>	<u>116,671</u>

- (b) Reconciliation of theoretical tax charge that would arise on profit before tax using the applicable tax rate to actual tax charge.

	<u>2012</u> <u>\$'000</u>	<u>2011</u> <u>\$'000</u>
Profit before taxation	<u>561,209</u>	<u>518,447</u>
Taxation calculated at 33 1/3%	187,070	172,816
Adjusted for the effects of:		
Prior years under provision	5,047	-
Expenses not deducted for tax purposes	15,640	24,827
Interest receivable	(3)	(129)
Net effect of other charges and allowances	(36,045)	6,911
	171,709	204,425
Adjustment for the effect of tax remission:		
Current tax	(198,260)	(87,754)
Taxation (credit)/charge in income statement	<u>(26,551)</u>	<u>116,671</u>

LASCO MANUFACTURING LIMITED

Notes to the Financial Statements

Year Ended 31 March 2012

10. TAXATION (CONT'D):

(c) Remission of income tax:

The company's shares were listed on the Jamaica Stock Exchange Junior Market, effective 12 October 2010. Consequently, the company is entitled to a remission of taxes for ten (10) years in the proportions set out below, provided the shares remain listed for at least 15 years.

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

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

11. EARNINGS PER SHARE:

This is computed by dividing the profit for the year by the weighted average number of shares in issue for the year of 408,713,017 (2011 - 387,059,945). The weighted average number of shares for 2011 reflects the 2.53 split in the number of shares in issue up to 13 August 2010. There was no weighting of the number of shares in 2012 as there were no shares issues/splits during the year.

12. DIVIDENDS:

	<u>2012</u>	<u>2011</u>
	<u>\$'000</u>	<u>\$'000</u>
In respect of 2011	<u>61,304</u>	<u>-</u>

By resolution dated 9 June 2011, the Board of Directors approved the payment of an interim dividend in the amount of fifteen cents (0.15¢) per share.

LASCO MANUFACTURING LIMITED
Notes to the Financial Statements
Year Ended 31 March 2012
13. PROPERTY, PLANT AND EQUIPMENT:

	Land & Buildings \$'000	Machinery & Equipment \$'000	Leasehold Improvement \$'000	Motor Vehicles \$'000	Furniture & Fixtures \$'000	Computer Equipment \$'000	Total \$'000
At cost:							
1 April 2010	39,770	127,816	1,787	12,260	6,244	193,135	381,012
Additions	83,998	1,532	-	11,765	65	343	97,703
Retirement/disposal	-	-	-	(1,171)	-	-	(1,171)
31 March 2011	<u>123,768</u>	<u>129,348</u>	<u>1,787</u>	<u>22,854</u>	<u>6,309</u>	<u>193,478</u>	<u>477,544</u>
Adjustment	-	(706)	-	-	-	706	-
Additions	25,711	30,398	3,490	-	-	970	60,569
Retirement/disposal	-	(3,220)	-	(4,471)	-	-	(7,691)
At 31 March 2012	<u>149,479</u>	<u>155,820</u>	<u>5,277</u>	<u>18,383</u>	<u>6,309</u>	<u>195,154</u>	<u>530,422</u>
Depreciation:							
1 April 2010	8,084	79,518	1,687	12,260	2,788	134,402	238,739
Charge for the year	1,405	8,894	66	1,211	384	35,961	47,921
Retirement/disposal	-	-	-	(1,171)	-	-	(1,171)
31 March 2011	<u>9,489</u>	<u>88,412</u>	<u>1,753</u>	<u>12,300</u>	<u>3,172</u>	<u>170,363</u>	<u>285,489</u>
Adjustment	-	(76)	-	-	-	76	-
Charge for the year	2,531	9,353	389	2,353	374	21,652	36,652
Retirement/disposal	-	(237)	-	(4,471)	-	-	(4,708)
At 31 March 2012	<u>12,020</u>	<u>97,452</u>	<u>2,142</u>	<u>10,182</u>	<u>3,546</u>	<u>192,091</u>	<u>317,433</u>
Net Book Value:							
31 March 2012	<u>137,459</u>	<u>58,368</u>	<u>3,135</u>	<u>8,201</u>	<u>2,763</u>	<u>3,063</u>	<u>212,989</u>
31 March 2011	<u>114,279</u>	<u>40,936</u>	<u>34</u>	<u>10,554</u>	<u>3,137</u>	<u>23,115</u>	<u>192,055</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****Year Ended 31 March 2012****14. CAPITAL WORK-IN-PROGRESS:**

Capital work-in-progress represents cost incurred for construction of new warehouse, plant and equipment to be located at White Marl, St. Catherine.

15. INVENTORIES:

	<u>2012</u> <u>\$'000</u>	<u>2011</u> <u>\$'000</u>
Raw materials	142,430	254,154
Finished goods	8,109	12,040
Goods in transit	<u>128,154</u>	<u>220,421</u>
	<u>278,693</u>	<u>486,615</u>

16. RECEIVABLES:

	<u>2012</u> <u>\$'000</u>	<u>2011</u> <u>\$'000</u>
Trade receivables	382,125	317,451
Other receivables	<u>64,517</u>	<u>101,634</u>
	<u>446,642</u>	<u>419,085</u>

Included in trade receivables is an amount of \$53,903,308 (2011 - \$62,815,564) receivable in foreign currency.

The aging of trade receivables is as follows:

	<u>2012</u> <u>\$'000</u>	<u>2011</u> <u>\$'000</u>
0-30 days	351,235	226,293
31-60 days	25,237	62,873
61-90 days	4,053	6,063
90 days and over	<u>1,600</u>	<u>22,222</u>
	<u>382,125</u>	<u>317,451</u>

LASCO MANUFACTURING LIMITED**Notes to the Financial Statements****Year Ended 31 March 2012****17. RELATED PARTY TRANSACTIONS AND BALANCES:**

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.

The following transactions were carried out with related parties:

<u>Transactions</u>	<u>2012</u> <u>\$'000</u>	<u>2011</u> <u>\$'000</u>
Purchase of goods/foreign currency:		
Lasco Distributors Limited	40,248	48,510
Lasco Financial Services Limited	<u>1,713,489</u>	<u>1,568,460</u>
Sale of goods/services:		
Lasco Distributors Limited	<u>3,000,707</u>	<u>2,681,701</u>
Management fees income/(expense):		
Lasco Distributors Limited	26,840	27,079
Lasco Financial Services Limited	<u>(362)</u>	<u>(178)</u>
Building rental expense	<u>6,840</u>	<u>6,840</u>
Key management compensation:		
Key management includes directors, (executive and non-executive) and senior managers -		
Salaries and other short-term employee benefits	49,752	35,081
Fees	<u>1,458</u>	<u>639</u>
<u>Year end balances</u>		
With related parties:		
Due from -		
Lasco Foods Limited	10,721	10,493
Lasco Distributors Limited (included in trade receivables)	<u>326,939</u>	<u>252,410</u>
Due to -		
Lasco Distributors Limited (included in payables)	2,999	5,535
Lasco Financial Services Limited (included in payables)	<u>953</u>	<u>985</u>

There is a thirty (30) day repayment term of the amounts due to and from related parties.

LASCO MANUFACTURING LIMITED**Notes to the Financial Statements****Year Ended 31 March 2012****18. CASH AND CASH EQUIVALENTS:**

	<u>2012</u> <u>\$'000</u>	<u>2011</u> <u>\$'000</u>
Petty cash	20	20
Cash in hand	25	25
Certificates of deposit	28,195	106,809
Foreign currency savings accounts	3,561	34,231
Foreign currency current account	2,384	88,215
Local current account	433	-
	<u>34,618</u>	<u>229,300</u>
Bank overdraft	<u>(204,080)</u>	<u>(11,765)</u>
	<u>(169,462)</u>	<u>217,535</u>

Bank overdraft is secured by overdraft lending agreement signed for JA\$55M, revolving line of JA\$75.5M and temporary operating line of JA\$125M.

19. SHARE CAPITAL:

	<u>2012</u> <u>\$'000</u>	<u>2011</u> <u>\$'000</u>
Authorised - 442,750,000 Ordinary shares of no par value		
Stated capital, issued and fully paid - 408,713,017 Ordinary shares of no par value	305,298	326,745
Less: Transaction costs of share issue	<u>-</u>	<u>(21,447)</u>
	<u>305,298</u>	<u>305,298</u>

20. DEFERRED TAX LIABILITY:

Deferred income tax is calculated on all temporary differences under the liability method using a principal tax rate of 33 1/3%.

The movement on the deferred income tax account is as follows:

	<u>2012</u> <u>\$'000</u>	<u>2011</u> <u>\$'000</u>
Liability at beginning of year	31,598	15,585
Charged to income statement (note 10)	-	16,013
Tax written back (note 10)	<u>(31,598)</u>	<u>-</u>
Liability at end of year	<u>-</u>	<u>31,598</u>

LASCO MANUFACTURING LIMITED**Notes to the Financial Statements****Year Ended 31 March 2012****20. DEFERRED TAX LIABILITY (CONT'D):**

Deferred taxation represents accelerated tax depreciation.

The balance on the deferred taxation amount for 2012 was written back to the income statement as the company will not be suffering tax liabilities in the foreseeable future (note 10 (b)).

21. PAYABLES:

	<u>2012</u> <u>\$'000</u>	<u>2011</u> <u>\$'000</u>
Trade payables	137,281	310,335
Other payables and accruals	<u>94,692</u>	<u>93,943</u>
	<u>231,973</u>	<u>404,278</u>

Included in trade payables is an amount of J\$140,139,401 (2011- J\$161,789,844) payable in foreign currency.

22. STAFF COSTS:

	<u>2012</u> <u>\$'000</u>	<u>2011</u> <u>\$'000</u>
Salaries and related costs	84,105	85,275
Pension costs	2,436	1,979
Staff welfare	<u>15,291</u>	<u>8,675</u>
	101,832	95,929
Redundancy costs	<u>2,609</u>	<u>10,961</u>
	<u>104,441</u>	<u>106,890</u>

The average number of persons employed by the company during the year was thirty-five (35), (2011 - thirty-two (32)).

23. PENSION SCHEME:

The company operates a 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 \$2,436,467 for the year.

24. CONTINGENT LIABILITIES:

The company's banker, CIBC First Caribbean International (Jamaica) Limited has issued guarantees in favour of third parties totalling US\$240,840 (2011 - J\$8,000,000 and US\$240,000).

25. EVENTS AFTER THE REPORTING PERIOD:

Subsequent to the reporting date, an Agreement to Partition Land was entered into between the company and Lasco Distributors Limited for the partitioning of the land at White Marl (see note 13) and a declaration of trust whereby Lasco Manufacturing Limited will hold any improvement or additions made by Lasco Distributors Limited in trust for it and will at the appropriate time cause any strata titles that might be issued to which Lasco Distributors Limited might be entitled under the terms of that agreement to be issued or transferred to it.

LASCO MANUFACTURING LIMITED
ANNUAL GENERAL MEETING

[Postage
Stamp]

Proxy Form

I/We _____

of _____

being a Member/Members of the above-named Company, hereby appoint _____

_____ of _____

or failing him/her, _____

of _____

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on the 19th day

of October 2012 and at any adjournment thereof. I desire this form to be used for/against the resolutions.

Signed this _____ day of _____ 2012

Signature: _____

Unless otherwise directed the proxy will vote as he thinks fit.

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

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