



THIRD QUARTER UNAUDITED FINANCIAL REPORT DECEMBER 2013

TABLE OF CONTENTS

- ❖ Managing Director's Report
- ❖ Statement of Comprehensive Income
- ❖ Statement of Financial Position
- ❖ Statement of Cash Flows
- ❖ Statement of Changes in Shareholders' Equity
- ❖ Notes to the Financial Statements

Managing Director's Report

The Directors of LASCO Manufacturing Limited are pleased to present the third quarter unaudited results for the period ended 31 December 2013.

Revenue for the nine months was \$2.88 billion, an increase of \$221m or 8.3% over prior year's \$2.66 billion. Operating expenses for the nine months to December 2013 rose by \$38.9 million or 14% over prior year, \$316.5 million in 2013 compared to \$277.6 million in 2012. Main contributors were electricity, insurance, security expenses and increased personnel cost. Gross profit for the nine months rose from \$738.2 million to \$789.1 million, an increase of \$50.9 million or 6.9%. Profit before tax for the nine months to December 2013 was \$447.7 million compared to \$465.1 million for the same period last year, a decline of \$17.4 million or 3.7%.

Revenue for the quarter rose from \$869m in 2012 to \$1.0 billion in 2013. For the quarter to date, gross profit rose by \$27 million or 11.5%. Operating expenses was \$111.7 million compared to \$77 million in prior year. The increased employment for the start-up of the liquid plant contributed to the surge in the quarter's operating expenses. Profit before tax for the quarter ending December 2013 declined by \$26.2 million or 16.5% over the same period last year, \$132.5 million versus \$158.8 million.

Our Management team is a proven group of strategic thinkers who are always learning and improving. Hence, our success further depends on the ability of our people to execute effectively and consistently. In fact, we measure each team member on how they adapt in real time to an ever-changing business environment, perform amidst ambiguity and execute to achieve long-term goals. Ours is a balanced approach that, we believe enables us to attract some of the best people for the Company's long-term success.

We continue to make progress toward completing our new production facilities at the White marl location. This expansion involves substantial business expenses and a gestation period before revenue begins to accrue. The commissioning of both lines and equipment is now completed and ready for production testing. We are excited to be nearing commercial production of our new products.

Our commercial progress will be accelerated developments in partnership with our distributors and other key strategic partners to support our business plan. This underscores our ability to develop and distribute our products in the local and export market. Like all Jamaican companies, the devaluation of the Jamaican currency continues to affect our bottom line growth. We have accepted that there is no quick solution to this problem anytime soon and have therefore taken strategic measures to ensure we increase both top and bottom line growth. Our export markets have become a greater focus and we will increase our sales volume during the coming financial years.

With that in mind, we are continuing the development of new business opportunities with potential distributors, developing operations in emerging markets based on increasing the demand for our brand.

We continue seeking solutions that, by design, benefit our business and achieve outcomes that are sustainable and scalable.

Going forward, we are full of expectation as we see boundless opportunities for our company as we meet the demand of our customers and consumers.

A handwritten signature in black ink, appearing to read 'Eileen Chin', with a stylized flourish at the end.

Dr. Eileen Chin
Managing Director

LASCO Manufacturing Limited

Statement of Comprehensive Income

Nine Months Ended 31 December 2013


(Unaudited)

	3 months to 31 Dec 2013 \$'000	3 months to 31 Dec 2012 \$'000	9 months to 31 Dec 2013 \$'000	9 months to 31 Dec 2012 \$'000
Revenue	1,007,806	869,350	2,883,831	2,662,809
Cost of Sales	744,998	633,574	2,094,775	1,924,628
Gross Profit	262,808	235,776	789,056	738,181
Other Income	0	6,785	434	24,849
Operating Expenses	(111,712)	(77,231)	(316,513)	(277,562)
Profit from Operations	151,096	165,330	472,977	485,468
Finance Cost	(18,559)	(6,535)	(25,279)	(20,406)
Profit Before Taxation	132,537	158,795	447,698	465,062
Taxation	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	132,537	158,795	447,698	465,062
Number of stock units issued	3 4,087,130	4,087,130	4,087,130	4,087,130
Earnings per Stock Unit During the Period	0.03	0.04	0.11	0.11

Lasco Manufacturing Limited
Statement of Financial Position
31-Dec-2013
(Unaudited)

	Period ended DEC-13 \$'000	Period ended DEC-12 \$'000	Year ended MAR-13 \$'000
NET ASSETS EMPLOYED			
Non-Current Assets			
Property, Plant & Equipment	185,112	200,963	197,885
Capital Work in Progress	2,503,081	1,481,130	1,707,853
Current Assets			
Inventories	684,228	453,702	489,860
Trade and other receivables	827,970	641,157	628,938
Director's current account	9,230	10,688	6,069
Taxation recoverable	12,664	12,542	12,591
Short term investment	74,421		69,214
Cash	41,760	92,081	122,959
	1,650,273	1,210,170	1,329,631
Current Liabilities			
Trade and Other Payables	419,909	337,594	258,853
Bank Overdraft	52,661	-	30,958
Current portion of long term loan			201,707
Corporation Tax Payable	-	-	-
	472,570	337,594	491,518
Net Current Assets	1,177,703	872,576	838,113
	3,865,896	2,554,669	2,743,851
Financed by:			
Share Capital	3	305,298	305,298
Capital Reserves	924	924	0
Retained Earnings	1,632,914	993,259	994,185
Current Earnings	447,698	465,062	640,220
	2,386,834	1,764,543	1,939,703
Non-Current Liabilities			
Long Term Debt	1,479,062	790,126	804,148
	3,865,896	2,554,669	2,743,851

Approved for issue by the Board of Directors on 28 January 2014 and signed on its behalf by:


Lascelles Chin Chairman


Eileen Chin Director

LASCO Manufacturing Limited
Statement of Cashflows
Nine Months ended 31 December 2013
(Unaudited)

	DEC-13 \$'000	DEC-12 \$'000
SOURCES/(USES) OF CASH		
Operating Activities		
Profit for the period	447,698	465,062
Items not affecting cash	24,130	15,779
Changes in non-cash working capital	(1,031,371)	(948,150)
Items not affecting cash and changes in non-cash working capital components	(1,007,241)	(932,371)
Cash provided by Operating Activities	(559,543)	(467,309)
Cash used in Investing Activities	0	47
Cash used in Financing Activities	461,848	729,106
Increase in Cash	(97,695)	261,844
Cash at the beginning of the period	161,215	(169,763)
Cash at the end of the period	63,520	92,081
Comprised of:		
Fixed Deposit	109,125	28,311
Cash at Bank	7,056	63,770
Bank Overdraft	(52,661)	0
	63,520	92,081

Lasco Manufacturing Limited

Statement of Changes in Stockholders' Equity

Nine Months ended 31 December 2013

(Unaudited)

	2013			
	Share Capital \$'000	Capital Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 April 2013	305,298	924	1,632,914	1,939,136
Dividend	0	0	0	0
Total Comprehensive Income for the period	0	0	447,698	447,698
Balance at 31 December 2013	305,298	924	2,080,612	2,386,834

	2012			
	Share Capital \$'000	Capital Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 April 2012	305,298	924	1,050,479	1,356,701
Shares Issued	0			0
Dividend	0	0	(57,220)	(57,220)
Total Comprehensive Income for the period	0	0	465,062	465,062
Balance at 31 December 2012	305,298	924	1,458,321	1,764,543

LASCO MANUFACTURING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED 31 DECEMBER 2013

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 the adopted interpretation of those standards by the International Accounting Standards Board, and have been prepared under the historical cost convention. They are also prepared in accordance with provisions of the Jamaican Companies Act.

The accounting policies followed in these interim financial statements are consistent with those used in the audited financial statements for the year ended 31st March 2013.

These financial statements are presented in Jamaican dollars unless otherwise indicated.

LASCO MANUFACTURING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED 31 DECEMBER 2013

3. SHARE CAPITAL:

	2013	2012
	<u>\$'000</u>	<u>\$'000</u>
Authorised -		
Number of Ordinary shares		
4,427,500,000 - 31 December 2013		
442,750,000 - 31 December 2012		
Issued -		
Number of Ordinary shares		
4,087,130,170 - 31 December 2013		
408,713,017 - 31 December 2012	<u>305,298</u>	<u>305,298</u>

At an Extraordinary General Meeting held on 26 June 2013, it was agreed that each share be subdivided into ten (10) new shares.