



ANNUAL REPORT
2015





Vision and Mission

Vision and Mission

VISION

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

MISSION

Our mission is 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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 **iCool** 

“fi Life!”



 **iCool** 
WATER
Net 600ml (20.3 Fl. Oz.)



Notice of
Annual General
Meeting



NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of LASCO MANUFACTURING LIMITED will be held on Wednesday, September 30, 2015 at 10:30 a.m. in the Blue Mountain Suite of The Knutsford Court Hotel, 16 Chelsea Avenue, Kingston 5 for the following purposes:

ORDINARY RESOLUTIONS

1. Audited Accounts

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

"THAT the Audited Accounts for the year ended March 31, 2015 and the Reports of the Directors and Auditors, circulated with notice convening the meeting, be and are hereby adopted."

2. Election of Director

2. Election of Director

(2A) 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 Director retiring under the Articles is **Mr. J. A. Lester Spaulding** and being eligible, offers himself for re-election.

The proposed resolution is therefore as follows:

To consider and if thought fit pass the following resolution:

(i) **"THAT** retiring director, Mr. J. A. Lester Spaulding, be and is hereby re-elected a Director of the Company.

(2B) Under Article 97 which appear on page 20 of the Articles of Incorporation "The directors shall have power at anytime, and from time to time, to appoint any person to be a director, either to fill a casual vacancy or as an addition to the existing directors, but so that the total number of directors shall not at any time exceed the number fixed in accordance with these regulations. Any director so appointed shall hold office only until the next following annual general meeting, and shall then be eligible for re-election but shall not be taken into account in determining the directors who are to retire by rotation at such meeting.

The Director retiring under this Article is Dr. Eileen Chin who was appointed on the 23rd day of April 2015, and being eligible offer herself for re-election

To consider and if thought fit pass the following resolution:

(ii) **"THAT** retiring Director Dr. Eileen Chin be and is hereby re-elected a Director of the Company."

3. 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.

Article 123 empowers the Board of Directors, or any appropriate Committee of the Board of Directors, to determine, the remuneration of the Managing Director."

4. Appointment of Auditors and their Remuneration

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

"THAT Messers BDO, having signified their willingness to serve continue in office as Auditors of the Company until the conclusion of the next Annual General Meeting at remuneration to be agreed with the Directors."

Dated this 28th day of July 2015

BY ORDER OF THE BOARD OF DIRECTORS



Vincent A. Chen
COMPANY SECRETARY

NOTE: A Member of the Company entitled to attend and vote at this meeting is entitled to appoint another person as his/her Proxy to attend and vote in his/her stead, and a Proxy need not be a Member. A Form of Proxy is enclosed for your convenience.

Corporate Data

(As at March 31, 2015)

REGISTERED OFFICE

LASCO Manufacturing Limited

27 Red Hills Road

Kingston 10

Jamaica, W.I.

Tel: (876) 960-1831

(876) 960-3662-3

Fax: (876) 929-2244 | 749-4275

Website: www.lascojamaica.com

BOARD OF DIRECTORS

Executive Directors

Hon. Lascelles Chin, O.J., C.D.
Chairman

Non-Executive Directors

Dr. Eileen Chin

Mr. J.A. Lester Spaulding, C.D., J.P.

Professor Rosalea Hamilton, Ph.D.

Mr. Vincent Chen

Mr. Peter Chin

Mrs. Jacinth Hall-Tracey

SENIOR MANAGERS

Mr. Robert Parkins
General Manager

Mr. A. Alex Balogun
Financial Controller

Company Secretary

Mr. Vincent Chen

Attorneys-At-Law

Chen, Green and Company
6 Haining Road
Kingston 5
Jamaica, W.I.

Bankers

CIBC First Caribbean
International Bank
Jamaica Limited
23-27 Knutsford Boulevard
Kingston 5
Jamaica, W.I.

Auditors

BDO
26-28 Beechwood Avenue
Kingston 5
Jamaica, W.I.

Registrar and Transfer Agents

Jamaica Central Securities
Depository Limited
40 Harbour Street
Kingston 5
Jamaica, W.I.

Shareholders' Profile

TOP 10 SHAREHOLDERS as at March 31, 2015

NAME	VOLUME	PERCENTAGE
East West (St. Lucia) Limited	2,002,693,780	49.00
Lascelles A. Chin	1,244,428,470	30.45
Mayberry West Indies Bank Limited	138,522,326	3.46
Manwei International	24,759,012	0.60
Bamboo Group Holdings Limited	23,610,840	0.58
Catherine Adella Peart	21,900,750	0.54
Yuan Liao	20,391,220	0.50
Joel Izquierdo Gonzalez	20,000,000	0.49
Liudmila Gonzalez Diaz	20,000,000	0.49
Hilda Gonzalez Rosales	20,000,000	0.49

Shareholdings of Directors and Connected Parties as at March 31, 2015

NAME PRIMARY HOLDER	POSITION *CONNECTED PARTY	VOLUME	PERCENTAGE
Lascelles Chin		1,244,428.470	30.4475
	*East West (St. Lucia Limited)	2,002,693,780	49.0000
Peter Chin		13,585,980	0.3308
Dr. Eileen Chin		16,000,000.00	0.3915
	*Hilda Gonzalez Rosales	1,000,000.00	0.0245
J. A. Lester Spaulding		1,503,000	0.0368
Rosalea Hamilton		110,000	0.0360
Jacynth Hall-Tracey		0.00	0.0000
Vincent Chen		0.00	0.0000

Shareholdings of Senior Managers and Connected Parties as at March 31, 2015

NAME PRIMARY HOLDER	UNITS	PERCENTAGE
Alex Balogun	0.00	0.0000
Robert Parkins	0.00	0.0000

*Connected Party

Five Year Financial Review

First Financial Year of Data 2011
 Number of Years of Data 5
 Reporting Values \$'000

	2014-15 \$'000	2013-14 \$'000	2012-13 \$'000	2011-12 \$'000	2010-11 \$'000
REVENUE	4,788,583	4,023,673	3,659,094	3,227,502	2,969,611
Percentage change	19.0%	10.0%	13.4%	8.7%	0.0%
GROSS PROFIT	1,423,540	1,056,363	1,049,424	917,688	934,501
GROSS MARGIN	29.7%	26.3%	28.7%	28.4%	31.5%
PROFIT FROM OPERATIONS	794,746	599,020	644,534	563,880	556,148
Percentage change	32.7%	-7.1%	14.3%	1.4%	0.0%
NET CASHFLOWS FROM OPERATING ACTIVITIES	538,645	553,263	301,238	518,888	200,881
Percentage change	-2.6%	83.7%	-41.9%	158.3%	0.0%
FINANCE COSTS	125,378	14,570	4,314	2,671	37,701
Percentage change	760.5%	237.7%	61.5%	-92.9%	0.0%
PROFIT BEFORE TAXATION	669,368	584,450	640,220	561,209	518,447
Percentage change	14.5%	-8.7%	14.1%	8.2%	0.0%
PROFIT AFTER TAXATION	669,368	584,450	640,220	587,760	401,776
Percentage change	14.5%	-8.7%	8.9%	46.3%	0.0%
DIVIDENDS PAID	-	-	57,219	61,304	-
Percentage change	0.0%	-100.0%	-6.7%		0.0%
LONG TERM DEBT	1,301,385	1,489,000	1,005,855	-	-
Percentage change	-12.6%	48.0%		0.0%	0.0%
SHAREHOLDERS EQUITY	3,193,521	2,524,153	1,939,703	1,356,702	830,246
Percentage change	26.5%	30.1%	43.0%	63.4%	0.0%
OPERATING EXPENSES	645,252	458,979	413,256	387,317	425,999
Operating expenses as % of sales	13%	11%	11%	12%	14%

Directors' Report

As at March 31, 2015

The Directors of LASCO Manufacturing Limited are pleased to present their report for the financial year ended March 31, 2015.

FINANCIAL RESULTS

The Statement of Comprehensive Income shows a total profit before taxation of J\$669.3M, taxation of Nil, and Total Comprehensive Income of \$669.3M. For the reason that the Company listed its shares on the Junior Market of the Jamaica Stock Exchange on October 12, 2010 the Company is entitled to a remission of Corporate Income Tax for a period of ten years from the date of listing as follows:

Years 1 – 5	100%
Years 6 – 10	50%

Details of the results for the year were approved by the Board on May 28, 2015 and a comparison with the previous year is set out in the Statement of Profit or Loss and other Comprehensive Income on page 47.

DIRECTORS

Pursuant to Articles 97 and 98 of the Articles of Incorporation of the Company Mr. J. A. Lester Spaulding shall retire by rotation and being eligible, will offer himself for re-election.

Subsequent to the year-end Dr. Eileen Chin was appointed to the Board of Directors of LASCO Manufacturing Limited on the 23rd day of April 2015.

Pursuant to the above Articles, Dr. Eileen Chin shall retire and being eligible offer herself for re-election.

We wish to take this opportunity to thank our employees, shareholders, customers, agents, and stakeholders for their invaluable support during the past year and look forward to a rewarding year ahead.

Dated this 28th day of July 2015
FOR AND ON BEHALF OF THE BOARD OF DIRECTORS



Vincent A. Chen
COMPANY SECRETARY







**Chairman/
Managing Director &
General Manager's
Message**

Welcome to our fifth Annual General Meeting

On behalf of the Board of Directors of LASCO Manufacturing Limited, we welcome you to our fifth Annual General Meeting. We are proud to announce that the company has delivered solid results, despite the continuing challenges in the local and global economies. With massive investments made in the expansion of our manufacturing plants we have and continue to install state of the art facilities, thereby increasing production capacity and supporting the development and acquisition of new product lines, as we continue to attain our goal of being a major force in the beverage industry.

The production capacity at the Liquid Plant has not yet reached its peak, and already it has been recording improving profits. The introduction and performance of our iCool line of beverages has created such excitement within the market that the demand has far surpassed the targets and projections imagined at this stage. During the year, we invested an additional US\$5M on new equipment to double the capacity and we intend to launch many more new products once the production capacity is at optimum level.

The new Dry Plant at White Marl is now operational, and we are going through the trial phase to achieve full efficiency. The plant far surpasses the existing Red Hills Road operation, with state of the art technology, process flow, space, and production capacity. We expect to introduce and diversify

the products manufactured in this facility by the end of the year, thereby poising the company for significant sales and profits.

For the year ended March 2015, the company generated revenue of \$4.8B, an increase of 19% over the prior year. Gross profit grew from \$1.056B to \$1.424B, representing 29% of revenues. Net profits increased from \$584M by 15% to \$669M. Impacting this year's performance were lost sales in Q4 arising from a protracted unavailability of sugar from Canada due to severe weather. Shipments could not dock because of the Riverton Dump fires which further delayed our manufacturing operations and resulted in loss of sales and profit. Management estimates the effect of these events to have had a profit impact of \$40M. We have done remarkably well with profits considering that we had significant expenses due to additional employment and interest charges from the expansion. Within the next year to two years, you will see exciting profits both from the liquid and powder operations.

The company closed the year with Total Assets of \$5.5B, an increase of 18.7% from prior year. Total amounts owed to trading suppliers was level with prior year at \$500M. Total owed by customers rose however, by 35% to close at \$1.05B. Shareholders' equity stood at \$3.2B, the return on opening equity was 27% (30% in prior year), and the earnings per stock

unit for the year was \$0.16 (\$0.14 prior year).

We have created a strategic framework focusing on the business' long term goals and macro concerns that surround quality, future needs, profitability, culture, values and commitment. We are dedicated to making LASCO Manufacturing Limited an employer of choice, a great place to work, and a good investment by tapping into the potential of our employees, creating environments for innovation and excellence, remaining competitive and in a position of leadership in the market, and lastly making significant contributions to the Jamaican community and our fellowman.

We would like to thank all our customers, shareholders and team members for their invaluable support during the year, and look forward to an exciting year ahead.



Hon. Lascelles A. Chin O.J., C.D.
EXECUTIVE CHAIRMAN



Robert Parkins
GENERAL MANAGER

Board of Directors



Hon. Lascelles A. Chin O.J., C.D.
**EXECUTIVE CHAIRMAN / MANAGING
DIRECTOR**

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

This Jamaican born entrepreneur who ventured into 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 rentals, horticulture, insurance brokerage, hair products, soya oil refining and chicken processing. As a result of his wealth of knowledge, business experience and being always 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 organizations such as the Jamaica Industrial Development Corporation, The Jamaica Exporter's Association and the Jamaica Promotions Corporation (JAMPRO). He is director of the University of the West Indies' School of Nursing Advisory Board and the Kings House Foundation.

The Chairman has also been awarded:

- **Order of Jamaica**-2001
- **Order of Distinction** in the rank of Commander for outstanding services to Industry Commerce in Jamaica-1986
- **PSOJ Hall of Fame**-October 27, 2011
- **Jamaica Observer Business Leader**-2000

In addition to the #1 Business Leader in many surveys in the last 10 years.



Mr. J. A. Lester Spaulding, C.D., J.P.
**NON-EXECUTIVE DIRECTOR AND
 MENTOR TO THE BOARD**

Mr. Lester Spaulding is a Non-Executive Director of the Company and its mentor for the purposes of the Rules of the Jamaica Stock Exchange Junior Market. As mentor, he is responsible for advising the Board on the implementation of adequate procedures, systems and controls, corporate governance, financial reporting and the release of timely information to the market.

Mr. Spaulding is the Chairman of the Board's Audit and Compliance Committee and a member of the Compensation Committee. These Committees are required by the Junior Market Rules for the purposes of good governance.

Mr. Spaulding has been the Non-Executive Chairman of the Board of Directors of the RJR Communications Group since 2008. He began at RJR in 1965, and rose from accountant to the position of Managing Director in 1978 and Managing Director/Chairman in 1994. Mr. Spaulding was responsible for guiding the Company operationally as its CEO for 30 years up to 2008. This includes listing the parent company Radio Jamaica Limited on the Jamaica Stock Exchange after a successful IPO in September 1991. He also serves on the Boards of other commercial institutions including JN Money Services Limited, Guardsman Communications Limited and Hope Zoo. He currently serves as Director in community service organizations Peace and Love in Schools (PALS) and the Caribbean Community of Retired Persons (CCRP). He is an Honorary Rotarian of the Kingston Rotary Club.



Dr. Eileen Chin, MBA
NON-EXECUTIVE DIRECTOR

Dr. Eileen A. Chin is an active member of the Board of Directors of LASCO Manufacturing Limited, LASCO Financial Services Limited, LASCO Distributors Limited and is the Chairman of the Portia Simpson Miller Foundation (PMS). She is also a member of the Board of Trustees of the American International School of Kingston (AISK). Born in Havana City, Cuba, Dr. Chin holds a post graduate degree in medicine from the Havana University School of Medicine. She specialized 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 including marketing, product and label development and international business development for Central and South American markets. She was appointed General Manager of LASCO Foods (Successors) Limited in 2008 and served as Managing Director of LASCO Manufacturing Ltd. from 2010 to 2015 where she was responsible for the planning and implementation of the US \$30 million expansion of the manufacturing facilities.

Dr. Chin holds an MBA in Global Management and has received knowledge and skills development training in Advanced Negotiation, Risk Management and Lean Six Sigma.



Mrs. Jacinth Hall-Tracey, MBA
NON-EXECUTIVE DIRECTOR

Mrs. Jacinth Hall-Tracey is the Managing Director of LASCO Financial Services Limited and sits on the Board of LASCO Manufacturing Limited as a Non-Executive Director. She is a vibrant, goal-oriented and dynamic leader with distinct capacity to make things happen. Under her stewardship, the company has received several awards from the Jamaica Stock Exchange including Best Practices Awards 2013 for Best Performing Company, Junior Market. The company also received from MoneyGram, the Agent of the Year Award 2009 (Latin American & the Caribbean) and the Caribbean Agent of the Year 2014.

Mrs. Hall-Tracey holds an MBA from Edinburgh Business School, a Bachelor of Arts Degree (Hons.) from the University of the West Indies, Corporate Treasury and Cash Management certificate from the Association of Financial Professionals which grants the CTP (Corporate Treasury Professional) designation and several other professional courses in Marketing, Securities and Anti-Money Laundering procedures.

When she is not developing visions and strategic planning or overseeing operations and identifying new business opportunities for LASCO Financial Services, she is giving service to the Jamaica Money Remitters Association of which she is the Treasurer, and mentoring at her Alma Mater – Merl Grove High School. Mrs. Hall-Tracey is also the Past President of the Cambio Association of Jamaica.



Mr. Peter Chin
NON-EXECUTIVE DIRECTOR

Mr. Peter Chin was appointed Managing Director of LASCO Distributors Limited in November 2011. Mr. Chin has over 15 years of experience in the distribution industry and has held several senior management positions at LASCO Distributors Limited. Some of the positions held include Logistics Manager with responsibility for distribution and procurement, Marketing Manager and General Manager for the Consumer Division.

Mr. Chin has gained wide experience in various functional areas such as logistics, procurement, sales, marketing, operations and new-product development. His performance in these key areas of the business has prepared him for the top managerial position which he now holds. Over the years he has developed a reputation for strong people-management skills and sound leadership. Mr. Chin's accomplishments have brought him steady advancement through the ranks over his fifteen years of service to the LASCO Affiliated Companies.

During his tenure at LASCO, Mr. Chin has also managed the oversight of several mission-critical projects, leading to the modernization of the distribution center infrastructure and heading the steering committee that implemented the system-wide ERP network software now in place at the Company. Currently Mr. Chin sits on the board of directors for LASCO Financial Services Limited and LASCO Manufacturing Limited.



Vincent A. Chen
NON-EXECUTIVE DIRECTOR

Mr. Vincent Anthony Chen holds the position of Company Secretary for LASCO Manufacturing Limited and LASCO Financial Services Limited. He serves as a General Counsel at LASCO Manufacturing, once serving under the same title, plus Chief Legal Officer at LASCO Distributors Limited. Mr. Chen's duties include ensuring the company abides by the standard legal and financial practices along with maintaining corporate governance.

Vincent has over 45 years' experience in the field of law having successfully passed the solicitors qualifying examinations set by the Law Society of England and having passed the common law examinations administered by Osgoode Hall Law School in Canada. He is a partner at the attorney 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.

Mr. Chen is a part of the Board of Directors for Level Bottom Farms and Supplies Limited and Vanda Limited and formerly served as the Chairman of Salada Foods Limited in Jamaica. His hobbies include boating and playing cricket, being a proud member of both the Kingston Cricket Club and The Royal Jamaica Yacht Club. Vincent is married to Helen and has two daughters.



Professor Rosalea Hamilton Ph.D.
NON-EXECUTIVE DIRECTOR

Professor Rosalea Hamilton is Vice President, Community Service and Development at the University of Technology, Jamaica (UTech). She did undergraduate studies in Social Science, specializing in Psychology, at Middlesex University in England and also holds a Masters in International Affairs at Columbia University; a Ph.D. in Economics at the New School for Social Research in New York and an LLB degree in law at the University of London (External Division).

She has taught extensively at the graduate and undergraduate levels in the USA at Tuskegee University, Alabama; City University (John Jay College), New York; Nova Southeastern University, Florida; Northern Caribbean University, Jamaica and the University of the West Indies, Jamaica, in the areas of Entrepreneurship, Law, Managerial Economics and International Trade.

As Founder and Past President of The MSME Alliance, her commitment to promoting entrepreneurship and development is evident in her advocacy and creative interventions to assist the development of the micro, small and medium-sized enterprise (MSME) sector. In recognition of her outstanding work, she was awarded a professorship in the Scotiabank Chair in Entrepreneurship & Development at the University of Technology, Jamaica (UTech) in 2008.

Professor Hamilton is also Founder and Director of the Institute of Law & Economics (ILE), and was a consultant with the Ministry of Foreign Affairs and Foreign Trade, the United Nations Development Programme (UNDP), the Commonwealth Secretariat, the International Labour Organization (ILO) and other international organizations. From 2006 to 2007 she was Chief Advisor to the Prime Minister of Jamaica.

Corporate Governance

As at March 31, 2015



Corporate Governance is an essential element of the operations of LASCO Manufacturing Limited and the responsibility of ensuring the continuance of good governance is a charge of the Board of Directors, the management and staff of the Company.

The Directors are directly responsible for overseeing accountability, objectives and transparency in the Company's activities; all of which are important to increase shareholders' confidence and maximize their value, and ultimately to the positive impact on our long-term business success.



In carrying out its functions, the Board ensures that the Company is compliant with the laws of the land, the rules of the Jamaica Stock Exchange Junior Market and the policies and procedures of the Company.

BOARD COMPOSITION AND BOARD SUB-COMMITTEES

As at March 31, 2015, the Board comprised of six members, one Executive Director and five Non-Executive Directors. The Board members are very experienced and respected individuals, with diverse skills and knowledge from different professions.



Their level of talent and experience promises sound judgement in decision making and guiding the Company into successful endeavours. The Board of Directors meet on a quarterly basis and when required from time-to-time, holds special meetings to deal with pertinent matters.

The Board has two sub-committees: Audit and Compliance and, Compensation. The members are appointed by the Board of Directors. Both Committees are chaired by Non-Executive Directors and the other members include the Executive Chairman and at least another Non-Executive Director. Any Director may attend a sub-committee meeting.

THE AUDIT AND COMPLIANCE COMMITTEE

This Committee is chaired by Mr. J.A. Lester Spaulding and the other appointed members are Hon. Lascelles Chin and Professor Rosalea Hamilton. The Committee meets quarterly and continues to be guided by its established terms of reference to ensure:

- Good fiscal discipline
- Open and accurate financial reporting and
- Timely disclosures

For the financial period under review, the Committee appointed Mayo Holdings Limited to function on a co-sourcing basis to provide internal audit services. At the beginning of the year the Committee reviewed and approved the audit plan for the financial year. In an effort to maintain and improve organizational procedures and controls for tracking the Company's income and expenditures, the Internal Audit Department, through the Chief Internal Auditor reports to the Committee at its quarterly meetings.

During the periodical meetings members of the Committee also analyze the quarterly unaudited financial statements and make recommendations to the Board of Directors for publication in accordance with the rules of the Jamaica Stock Exchange Junior Market Rules and International Accounting Standards.

THE COMPENSATION COMMITTEE

The Compensation Committee has the responsibility to advise the Board on all matters relating to the compensation of the Executive Chairman, the Managing Director

and the Non-Executive members of the Board. The Committee is chaired by Mr. Vincent Chen. The other appointed members include Hon. Lascelles Chin, Professor Rosalea Hamilton and Mr. J.A. Lester Spaulding.

The Committee's terms of reference require that it meets at least once per year to evaluate the performance of the Executive Chairman and the Managing Director. For the financial year under review, the Committee met as mandated and made its recommendations to the Board of Directors.

Below is a summary of the register in respect of the meetings for the financial year ended March 31, 2015.

Meetings	AGM	BOD	Compensation Committee	Audit Committee
No. of meetings	1	5	1	4
Lascelles Chin	1	5	1	4
Eileen Chin	1	4	-	4
J. A. Lester Spaulding	1	5	1	4
Rosalea Hamilton	1	3	1	3
Peter Chin	1	5	-	-
Jacinth Hall-Tracey	1	4	-	-
Vincent Chen	1	4	1	-

The following table outlines the Composition of each Committee.

Meetings	Compensation Committee	Audit Committee
Lascelles Chin	✓	✓
Eileen Chin		✓
Vincent Chen	✓	
J. A. Lester Spaulding	✓	✓
Rosalea Hamilton	✓	✓

Management Team



Ruel Thompson
Safety/Security
& Community
Relations Manager

Joel Gonzalez
Property Manager

Jacqueline Birthwright
Quality Assurance Manager

Daniel Strachan
Production Manager
Dry Blend Plant

Robert Parkins
General Manager

Catherine Goodall
Marketing Manager



● **A. Alex Balogun**
Financial Controller

● **Melissa Anderson**
Human Resource
Manager

● **Peter Hylton**
Information Technology
Manager

● **Rhona Rhoden-Munoz**
Purchasing Manager

● **Cleverick Doughorty**
Production Manager
Liquid Beverage Plant

● **Marjorie McCalla**
Export Sales and
Marketing Manager



Management Discussion & Analysis

OUR BUSINESS

LASCO Manufacturing Limited was incorporated in October 1994 and is a member of the LASCO Affiliated Group of Companies. The company was formed by the merger of LASCO Food Successors Limited and LASCO Foods Limited, two long-standing subsidiaries of the Group. The registered office of the company is currently located at 27 Red Hills Road, Kingston 10.

The company was listed on the Jamaica Stock Exchange's Junior Market in October 2010.

LASCO Manufacturing Limited continues to be one of the leading and dominant dry blend beverage companies in Jamaica. Our portfolio includes LASCO Food Drink, LaSoy Lactose Free, Porridge Mix, Whole Milk and Readi Milk. In the 2014 calendar year, approximately 90% of the products manufactured were distributed locally through LASCO Distributors Limited. The remaining 10% were exported. The company also exports other foods and personal care products that are sourced from third party manufacturers.

LASCO's products are exported to twenty (20) countries throughout the Caribbean, Central and South America, Canada, the Middle East and the United States of America.

In August 2014 LASCO Distributors Limited launched in trade the LASCO iCool Water, the first bottled beverage from the new LASCO Manufacturing Limited Liquid Plant. The attractively packaged, bottled water features an environmentally friendly, low density plastic bottle, with a sleek and curved design. The brand, under the tagline 'iCool fi Life', is positioned as trendy, new, refreshing and economical to consumers. In October, the company introduced a line of ready to drink products iCool flavoured water and iCool juice drinks under the LASCO brand.

BUSINESS STRATEGY

The business strategy continued to be developed in consonance with the growth

expansion, focusing on our three key elements – expansion, innovation, and increased efficiency.

We will therefore continue to:

1. Accelerate product launches by strengthening Research and Development.
2. Raise additional capital through grants and key alliances.
3. Expand senior management team in Production, Engineering, Sales, Marketing and Logistics.
4. Strengthen Human Resources function and introduce share options for staff.
5. Seek and develop new export markets, use for products and entry plans.
6. Pursue strategic alliances with complementary players.

INTERNATIONAL DIVISION

Export sales for the year ended March 2015, achieved 46% growth the prior year, to close at \$509M. This is in keeping with our vision of becoming a global company and focusing on increased revenue.

Growth in export markets in 2014-2015 was achieved through:

- Aggressive Marketing campaigns
- Label upgrades which enhanced the product line
- School feeding programmes in key Caribbean territories
- Expansion of distribution of personal care products through drop shipments directly from China
- Introduction of new products:
Flavored LaSoy, Jerk Table sauces, Instant Chocolate mixes (Vanilla, Caramel)

In this period we also implemented preliminary market entry initiatives through participation in JAMPRO organized trade missions and trade fairs in Panama. (Expocomer 2014) and Cuba (FIHAV 2014).

EXPORT STRATEGY FOR 2015-2016

Our focus for the current financial year is to:

- Increase sales in existing markets through increased market penetration by diversifying product range
- Re-launch the LASCO brand in the UK market
- Significantly expand distribution in the US market
- Market entry into Central American markets – Guatemala, Honduras, Costa Rica, Panama
- Entry into the Dominican Republic and Cuba

EXPANSION

During the six (6) months period January to June 2014, the Liquid Plant was prepared for the startup of production. The activities included:

- Final installation and commissioning of machines and lines
- Training of personnel
- Batching and testing of products

Production commenced in July with 600ml bottled water. This was followed by 6.0litre bottled water and two (2) flavours of flavoured water namely iCool Cranberry and iCool Cran Strawberry. In September iCool Tangerine and Fruit Punch juice drinks were introduced.

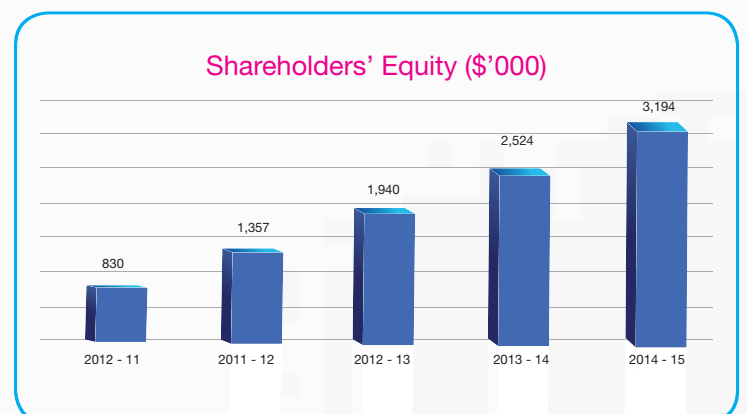
Production from June to October was carried out with one (1) team working eight (8) to twelve (12) hours per day. In November a second team was implemented and the excitement and demand for the products were rapidly increasing. Due to the continuous demand for the products, in February production operations were increased from 16hours per day to 24hours per day and this continues to date.

We are increasing production capacity.

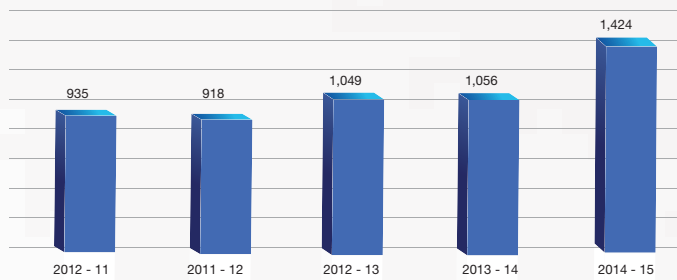


FINANCIAL PERFORMANCE

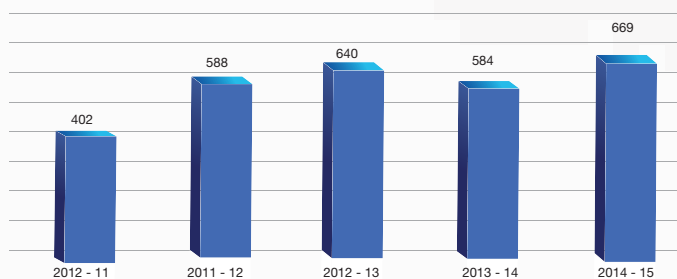
The 2014-15 financial year presented many hurdles both for LASCO Manufacturing Limited and for the country as a whole. There was the austere IMF pressures on the Jamaican economy, the continued devaluation of our Dollar and overall competitive market conditions. We were however able to meet our growth targets and successfully launch a new product line that continues to exceed expectations. The Net profit attributable to shareholders for the year was \$669M,



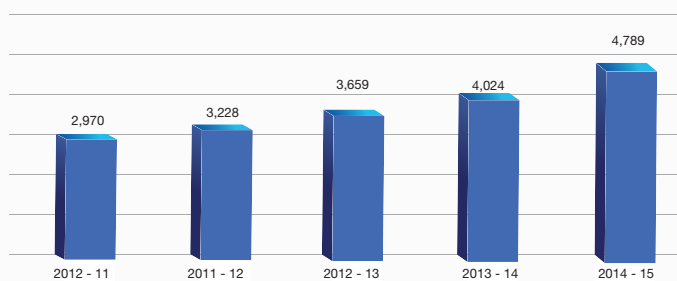
Gross Profit (\$'000)



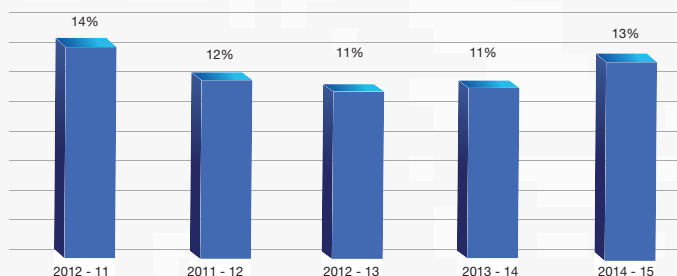
Net Profit (\$'000)



Revenue (\$'000)



Operating expenses as % of Sales



an increase of \$85M or 15% over the prior year. This result is testament to the ability of our management team, under the guidance of our Board of Directors, to recognize and seize opportunities where challenges present themselves, and to stay focused and resolute in creating value for our shareholders.

Total Sales for the year amounted to \$4.8B, an increase of \$765M or 19% over 2013-14. Contributing to this growth was the stellar performance of the beverage lines introduced during the year which have been growing at an average 50% per month. There were strong results in export sales, which contributed to 13% of total revenues, and grew by \$160M or 46% over the prior year. This growth in export reflects our strategic vision of building the LASCO brand internationally and diversifying earning streams for our shareholders. We continue to form strategic alliances with partners in Latin and North America, and are happy to report a steady and sustained pace of growth in all the major markets.

Gross Margins

Gross margins for the period were \$1.42B, an increase of \$367M or 35% over the prior year amount of \$1.06B. The improvements in the gross margins ratios reflect the fruits of our strategic investment in state of the art manufacturing Plant and Equipment. These equipment are more energy efficient and have higher production capacities, enabling us to produce the same product more efficiently and cost effectively. We are therefore better positioned to compete head to head with some of the best known international brands

Balance Sheet and Capex

Total assets at the end of the financial year was \$5.5B, an increase of 18% or \$842M over the prior year. During 2014-15, we spent over \$500m in upgrades to our property Plant and equipment. Our total equity grew by 27% to reach \$3.2B, mainly representing growth in retained earnings.

INTERNAL AUDIT

The Company's Internal Audit function is staffed with qualified and experienced persons. The Standard Operating Procedures put in place by the company are in line with the best global practices, and have been laid down across the process flows to control each business activity. The Internal Audit Team has implemented a framework for internal controls and adequacy of internal audit. Under this framework, various risks facing the company are identified and assessed routinely across all levels. Functions and suitable control activities are designed to address and mitigate the significant risks.

Risk Management

LASCO Manufacturing Limited is engaged in a highly complex and dynamic business environment and as such faces several kinds of risks. Some of these risks have the potential to disrupt the achievement of the company's strategic and operational objectives. The company has adopted a risk management approach to drive growth and business performance, and it will be the basis on which strategic, operational, financial and regulatory decisions are made.

Risk management will be conducted on all processes, activities, ventures and projects at every level within the company to ensure alignment with the company's goals and objectives.

A manual has been developed which outlines the policies and procedures that have been implemented by management to effectively:

- Incorporate goals, objectives, policies and procedures with risk management
- Develop a culture of awareness of risk management and continuous staff training
- Risk assessment
- Implement controls to mitigate risks
- Monitor risks, and
- Report risks

Additionally, the manual provides and outlines the roles and responsibilities of the officers charged with the responsibility of ensuring that the risk management objectives are achieved.

The manual will be reviewed annually, and users are expected to inform senior management about the need for changes or improvements to the manual. All changes will be documented and circulated to members of staff within the company.

The policy manual is a formal acknowledgement of Lasco Manufacturing Limited's commitment to risk management. It seeks to provide a consistent approach to the risk management process and gives some level of assurance that risk will be managed in a way that will maximize potential opportunities and minimize adverse effects faced by the company.

The company is committed to building increased awareness and a shared responsibility for risk management at all levels within the company.

Corporate Outlook

LASCO Manufacturing Limited is synonymous with resilience. We have proven over our twenty years of operation that we keep our eyes fixed on our goals, staying positive, even in times when the business environment has been negative. We believe this attitude towards business and life is world changing.

As innovators and a revolutionary company, we continue to redefine ourselves and our strategy formulation to meet our objectives. This requires meticulous introspection analysis of our strengths and weaknesses. We stretch our tenacity and boundaries by doing the work ensuring we have the requisite knowledge and skills, a hunger to win and remain in tune with our customers and markets.

We see it as priority one to seek opportunities wherever they lie, and inculcate the spirit of entrepreneurship in every employee, as our greatest tool to improve our business design, process, products, service and delivery. Being the best always as our mission states also requires good corporate governance and the assessment of management of risks and threats.

Today we can informatively say where we are, and more importantly where we are going as a Company. With the investments we have made in our plants at the White Marl facility, we are set to double production capacity and sales in the coming year. This boom in production output also positions us to achieve greater share of the drinks market, with iCool's water, flavoured water and juice drinks. By improving the efficiency with which we use key manufacturing inputs such as machinery, labour, raw material and overheads, LASCO Manufacturing Limited will achieve the vision of doubling profits in the next two years.

It may seem overly ambitious to some, but very doable for us. We are passionate about the dream, and through rigorous management and effective communication of our performance targets we are confident that we will achieve these goals.

As always we remain adaptable, resilient and resourceful in spite of the many challenges in industry trends, consumer behavior, environmental and regulatory frameworks. We know very well that this is what sets winners apart; and what creates the most value and returns on our efforts.

Human Resource Development

At LASCO Manufacturing Limited, we pride ourselves on having an employee centric culture and a set of values and beliefs that truly encapsulate our view that our people are our greatest asset. Our drivers in maintaining this culture have been our management and leadership body, a small group of dedicated professionals. This body develops and implements strategies that strengthen the business performance through topgrading, setting and communicating clear departmental objectives, and coaching and developing employees to meet all the key performance indicators.

Our workforce includes employees who occupy technical, safety, trade, administrative and managerial roles. We work in a dynamic environment where changes occur rapidly both locally and internationally and therefore our workforce must evolve. Our employees come from a variety of backgrounds and represent the diversity of Jamaica. As such the Human Resource Department works assiduously to support and encourage the similarities that make us one, as well as the differences that make us unique, through cohesion initiatives and team building at all levels.

With the Company's rapid growth and expansion and the vision to become a global force, the investment in human capital was of paramount importance. LASCO Manufacturing relies on strategic recruitment, and selection to identify the right talents, equipped with the technical skill and knowledge to move the operation to global standards.

The change management with the current team, and fast tracking employee training and development supported the increased business needs and assisted us in achieving a high performing work culture and a unified team of persons in achieving our vision. As one of the leading manufacturing companies in Jamaica, we endeavor to create meaningful employment that will contribute to life changing opportunities for many, to aid in national development and the skills databank of our people. We are committed to supporting nation building through our education assistance programmes which sponsor employee educational pursuits from CXC's to Master's Degree programmes, as well as on the job training.

LASCO Manufacturing Limited continues to have clear communication with our staff on our corporate goals and objectives to ensure they understand the individual and collective responsibility in the achievement of our strategic objectives. Each employee also shares the mission of 'Being the best always' and that this translates into the quality products we continue to deliver to our customers and consumers. When we recruit new members, we look for persons with an entrepreneurial spirit and competence beyond the titles they hold. It is through them that we remain competitive and innovative, as they foster the Company's growth and development through idea generation and improved productivity and efficiency.

As a family oriented company, we recognize and support the well needed balance between work and family life. We support our employees in a wholesome manner, recognizing them as dynamic and diverse individuals.

We are immensely grateful to every employee and business partner who has contributed to our success thus far, and raise the challenge to everyone to continue to push harder as we grow to higher heights. As the Human Resource Department moves forward, it will do so with a new look, but with the same LASCO focus on good business growth.

Well done to the LASCO Manufacturing Limited team!



Corporate Social Responsibility



Our passion for a better Jamaica is the driving force behind LASCO's corporate social responsibility programmes. We believe in the sustainable value of health, education, national security, sports and environmental stewardship, as catalysts to Jamaica's development.

Partnerships are important to us, as together we believe we can do more; building Jamaica through people. We are committed to uplifting and improving the lives of the everyday Jamaican, by not only providing affordable solutions but also recognising excellence. We are proud to highlight beacons of excellence among core public sector groups, such as teachers, police officers and nurses.

Being a good neighbour in our communities is the bedrock of our values, which is also reflected in our adoption of neighbouring schools and giving support to community centric initiatives.

Health

LASCO/NAJ Nurse of the Year

Health is one of the critical pillars of a nation's productivity. We believe in providing support to everyday key health stakeholders who tirelessly serve beyond the call of duty to advance health care initiatives. Since 1999, LASCO has partnered with the Nurses Association of Jamaica (NAJ) in the annual staging of the National Nurse of the Year programme, which recognises and pays tribute to outstanding members of the nursing profession.



*Miss Shashana Lawrence, **LASCO/NAJ Nurse of the Year 2014-2015** with Hon. Lascelles Chin, Chairman of the LASCO Affiliated Companies, Dr. Eileen Chin, Non-Executive Director LASCO Financial Services Limited and Mr. Peter Chin, Managing Director of LASCO Distributors Limited.*

Oral Health Month

Each year, we are happy to brighten the smiles of hundreds of school children and community members. True to our spirit of teamwork, we have been partnering with the Jamaica Dental Association (JDA) for over five years to host a series of health fairs to commemorate Oral Health Month. Observed in October, this year's Oral Health Month reached over 320 children from eight (8) elementary and primary level schools in the Kingston and St. Catherine area. The participants in the health fairs benefitted from dental evaluation, cleaning and talks on dental care by dentists, the LASCO/NAJ Nurse of the Year and other medical representatives.



Education



(L-R) LASCO/MoE Teacher of the Year, Miss Anieta Bailey with Principal of the Year, Mrs. Heather Murray at the Awards ceremony held in November 2014.

LASCO/MoE Principal and Teacher of the Year 2014

Education is the path of advancement for many Jamaicans and we remain committed to supporting initiatives which fulfill this mandate. For over 18 years, LASCO and the Ministry of Education (MoE) have collaborated to recognise outstanding Jamaican educators through the LASCO /MoE Teacher and Principal of the Year programme. Over 12 exceptional finalists were feted at this year's annual ceremony with Marymount High teacher, Miss Anieta Bailey and principal of Hampton High, Mrs. Heather Murray emerging as the top contenders. Both were awarded cash prizes of \$250,000, champion trophy, gift baskets and spa certificates courtesy of LASCO and an all inclusive trip to the annual ASCD Conference and Exhibit Show in Houston, Texas.

Read Across Jamaica Day

LASCO has been a supporter of the Jamaica Teachers' Association's national initiative, Read Across Jamaica Day, an observance of literacy in Jamaican schools. Celebrated in May during Education Week, Read Across Jamaica Day furthers LASCO's objective of advancing the nation through education. Our staff and the reigning LASCO/Ministry of Education Teacher and Principal of the Year participate by reading to students from their favourite books. Mrs. Janet Walters, Teacher of the Year 2013-2014 read to students at Providence Heights Infant and Flankers Primary and Junior High in Montego Bay, while Mr. Norman Malcolm, Principal of the Year 2013-2014, read to students at Danny Williams School for the Deaf and Hope Valley Experimental School in St. Andrew.

A student at the Hope Valley Experimental School in St. Andrew shares his insight on the story read by Renee Bingling, Public Relations Officer on Read Across Jamaica Day



Janet Walters, LASCO/MoE Teacher of the Year 2013-2014 engaging some students of the Providence Heights Infant School, during her stop on Read Across Jamaica Day.



National Security

LASCO/JCF Police of the Year

Safety is a pressing concern of the everyday Jamaican. We believe in recognizing excellence among our police men and women, who risk their lives to guard our safety. We are pleased to partner with the Jamaica Constabulary Force (JCF) in staging the LASCO/JCF Police of the Year Awards programme. The coveted title was won by Det. Sgt. Ava Lindo of the Inspectorate Division, who received \$250,000 in prize money and the LASCO/JCF Police of the Year trophy.



LASCO/JCF Police of the Year 2015-2016, Det. Sgt. Ava Lindo with First Runner-up, Sgt. Randy Sweeny (second left); Second Runner-up Sgt. Christopher Ward (second right), Police Commissioner Dr. Carl Williams (left) and Managing Director of LASCO Distributors Ltd. Mr. Peter Chin.

LASCO/JCF Police of the Year Annual Clean Up Project

The dining hall of the Marie Atkins Night Shelter received a facelift from the 2014-2015 finalists in the LASCO/JCF Police of the Year programme. Residents were also treated to breakfast sponsored by LASCO, which was served by the finalists and LASCO staff members. Each year, the finalists select an entity for their community outreach project.



Environment

Releaf Environmental Awareness Programme (REAP)

LASCO continues to partner with The Rootz Releaf Project to embark upon an awareness building programme entitled LASCO REAP (Releaf Environmental Awareness Programme). REAP targets primary level children, both actively and passively, encouraging them to become more deeply involved in caring for the environment, emphasizing recycling, and conservation. The programme directly reaches over 6,500 students and has resulted in the planting of 4,500 trees island-wide and the collection of over 40,000 plastic bottles.



St Jago Cathedral Preparatory School's Najae Palomino and Jaheim Chin celebrate winning first place in the LASCO Re-Leaf Environmental Awareness Programme (REAP) for 2013/2014 at the awards ceremony held at the Pavillion, Hope Gardens on Thursday, June 5. Joining in the celebration are (l-r) Dr. Elieen Chin, Managing Director of LASCO Manufacturing Limited; Hon. Lascelles Chin, Founder and Executive Chairman of the LASCO Affiliated Companies; Nadia Guy, Environment Coordinator at St. Jago Cathedral Prep; Peter Chin, Managing Director, LASCO Distributors Limited; E. Victoria Smikle, Assistant Environment Coordinator at St. Jago Cathedral Prep and Gina Hargitay (partially hidden) Miss Jamaica World 2013. The champions also received a computer lab with ten desktop computers from LASCO.





Marketing Highlights





Expo Jamaica

Expo Jamaica

LASCO had a strong presence at the Jamaica Manufacturing Association's 2014 staging of Expo Jamaica hosted at the National Arena from April 3 to April 6.



The Honourable Dr. Kenneth Wykeham McNeill, MD, MP engages in discussion with Dr. Eileen Chin, while Hon. Lascelles Chin, Chairman of the LASCO Affiliated Companies looks on.



The LASCO team of (R-L) Chairman Lascelles Chin, Dr. Eileen Chin and Marjorie McCalla share in a photo opportunity with suppliers who visited the LASCO booth at Expo Jamaica 2014.



Popular singer Etana (middle) poses with her LASCO basket presented to her at the LASCO booth at Expo Jamaica 2014. Sharing in the moment are Peter Chin, Managing Director of LASCO Distributors Limited (right), Lascelles Chin, Chairman of the LASCO Affiliated Companies.



Patrons at EXPO Jamaica were treated to an assortment of delectable LASCO cuisines prepared by Chef Christian Sweeny at the LASCO booth.



Majorie McCalla, Export Manager, LASCO Manufacturing Ltd. (left) introduces LASCO newest product, LASCO French Vanilla Instant Chocolate Mix to Mr. Kenneth Thompson, Owner of Island Taste Group in Cayman at EXPO Jamaica 2014.



Elias Java, Minister of Foreign Affairs to Venezuela (left) visited Jamaica for the 2014 staging of EXPO Jamaica. The Minister visited the LASCO booth where he sampled the LASCO Real Jamaican Water Crackers presented by Sandra Geohagan-Green, LASCO Sales Promotions Coordinator (right).



An overhead shot of the LASCO booth at Expo Jamaica





Our Journey

1994: LASCO Foods Successors Limited began operations at 38 ½ Red Hills Road where Readymilk and Whole Milk were produced. Later in the year, Food Drink was introduced. The American Soybean Association hailed the LASCO Food Drink line as the tastiest soy product in the world.

1996: Jamaica Manufacturers Association declared LASCO Foods Limited Champion Exporter and Most Improved Exporter.

1997: LASCO LaSoy Milk Free, Milky Soy for lactose intolerant persons and Oats were introduced. LASCO Food Drink won a gold award for the best tasting product in the International Havanan Fair held in 1997.

1998: LASCO Foods Successors Ltd. started exporting to the Eastern Caribbean, and soon after, to South America and Cuba.

1999: The Company acquired land and buildings at White Marl, Twickenham Park in Catherine and started on a major refurbishing project in partnership with LASCO Distributors Limited.

2004: The Company celebrated its 10th Anniversary.

2010: LASCO Foods Successors Limited changed its name to LASCO Manufacturing Limited (LML). In the same year, the Company was listed on the Jamaica Stock Exchange Junior Market.

2011: The company received the Investor's Choice Award.

2012 – Groundbreaking for new state of the art LASCO factory. The Company received the investor's choice award for a second time.

2013: The Company received the following awards: The Investor's Choice Award 2011 – 2012, The Company won the AMCHAM Jamaica Award of Excellence for Corporate Social Responsibility and the Telly Award for Enermax.

2014: The Company launched Flavoured Lasoy – Strawberry, Chocolate and Malt powdered beverages. In the same year, iCool Water, iCool Flavoured Water / Juices were launched. During the same year, LML celebrated its 20th Anniversary.

2015 – In March, the company relocated its operations from 38 ½ Red Hills Road, Kingston 10 to White Marl, St. Catherine.

LASCO MANUFACTURING LIMITED FINANCIAL REPORT

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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 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements 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 Jamaican Companies Act, in the manner so required.

A handwritten signature in black ink, appearing to be 'BDO', written over a light blue grid background.

Chartered Accountants

28 May 2015

LASCO MANUFACTURING LIMITED**Statement of Profit or Loss and Other
Comprehensive Income**

Year Ended 31 March 2015

	Note	2015 \$'000	2014 \$'000
REVENUE	6	4,788,583	4,023,673
COST OF SALES		(3,365,043)	(2,967,310)
GROSS PROFIT		1,423,540	1,056,363
Other operating income	7	16,458	1,636
		1,439,998	1,057,999
EXPENSES:			
Administrative and other expenses		(555,164)	(385,592)
Selling and promotion expenses		(90,088)	(73,382)
	8	(645,252)	(458,974)
OPERATING PROFIT		794,746	599,025
Finance costs	10	(123,378)	(14,570)
PROFIT BEFORE TAXATION		669,368	584,455
Taxation	11	—	—
NET PROFIT FOR THE YEAR, BEING TOTAL COMPREHENSIVE INCOME FOR THE YEAR		669,368	584,455
EARNINGS PER STOCK UNIT	12	50.16	50.34

LASCO MANUFACTURING LIMITED**Statement of Financial Position****Year Ended 31 March 2015**

	<u>Note</u>	<u>2015</u> \$'000	<u>2014</u> \$'000
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	13	3,396,350	2,942,178
CURRENT ASSETS:			
Inventories	14	759,421	741,884
Receivables	15	1,131,713	811,932
Tax recoverable		309	10,494
Related companies	16	3	3,157
Directors' current account	16	13,126	2,377
Short term investments	17	82,480	77,871
Cash and bank balances	18	<u>108,127</u>	<u>99,252</u>
		2,095,179	1,707,667
		3,491,529	4,649,245
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	19	305,298	305,298
Retained earnings		<u>2,888,223</u>	<u>2,218,855</u>
		3,193,521	2,524,153
NON-CURRENT LIABILITY:			
Long term loan	20	<u>958,439</u>	<u>1,301,385</u>
CURRENT LIABILITIES:			
Payables	21	655,659	636,092
Related company	16	704	-
Bank overdraft	18	340,260	-
Current portion of long term loan	20	<u>342,846</u>	<u>187,615</u>
		1,339,569	823,707
		3,491,529	4,649,245

Approved for issue by the Board of Directors on 28 May 2015 and signed on its behalf by:



L A Chin Chairman



Peter Chin Director

LASCO MANUFACTURING LIMITED**Statement of Changes in Equity
Year Ended 31 March 2015**

	Share Capital \$'000	Retained Earnings \$'000	Total \$'000
BALANCE AT 1 APRIL 2013	305,298	1,634,405	1,939,703
TOTAL COMPREHENSIVE INCOME			
Net profit	—	584,450	584,450
BALANCE AT 31 MARCH 2014	305,298	2,218,855	2,524,153
TOTAL COMPREHENSIVE INCOME			
Net profit	—	669,368	669,368
BALANCE AT 31 MARCH 2015	305,298	2,888,223	3,193,521

LASCO MANUFACTURING LIMITED**Statement of Cash Flows**

Year Ended 31 March 2015

	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit	669,368	584,450
Items not affecting cash resources		
Depreciation	67,098	36,941
Effect of exchange rate translation	(4,840)	(8,279)
Interest income	(208)	(1,195)
Gain on disposal of property, plant and equipment	(973)	(10)
Interest expense	<u>125,378</u>	<u>14,570</u>
	855,823	616,477
Changes in operating assets and liabilities:		
Inventories	(17,537)	(258,282)
Receivables	(319,794)	(176,708)
Related companies	3,858	(6)
Taxation recoverable	10,185	2,097
Payables	16,859	369,144
Directors' current account	<u>(10,749)</u>	<u>541</u>
Cash provided by operating activities	538,645	553,263
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	221	1,167
Short term investments	(4,609)	(8,657)
Purchase of property, plant and equipment	(522,747)	(1,063,784)
Proceeds from disposal of property, plant and equipment	<u>2,450</u>	<u>413</u>
Cash used in investing activities	(524,685)	(1,070,861)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Interest paid	(125,378)	(14,570)
Loan received	141,000	483,145
Loan paid	<u>(328,615)</u>	<u>-</u>
Cash (used in)/provided by financing activities	(312,993)	468,575
Net decrease in cash and cash equivalents	(299,033)	(49,023)
Exchange gain on foreign cash balances	7,548	16,374
Cash and cash equivalents at beginning of year	<u>59,352</u>	<u>92,001</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 18)	(232,133)	59,352

LASCO MANUFACTURING LIMITED**Notes to Financial Statements**

Year Ended 31 March 2015

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:

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. Where necessary, prior year comparatives have been restated and reclassified to conform to current year presentation. 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 provisions of the Jamaican Companies Act.

The preparation of financial statements in conformity with IFRSs 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.

LASCO MANUFACTURING LIMITED

Notes to Financial Statements

Year Ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

Amendments to published standards and interpretations effective in the current year that are relevant to the company's operations (cont'd)

IAS 32 (Amendments), 'Financial Instruments: Presentation' (effective for annual periods beginning on or after 1 January 2014) clarifies that an entity currently has a legally enforceable right to offset if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all the counterparts. In addition, it clarifies that gross settlement is equivalent to net settlement if, and only if, the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk and process receivables and payables in a single settlement process or cycle.

IAS 36 (Amendments), 'Impairment of Assets' (effective for annual periods beginning on or after 1 January 2014) was amended by the issue of Recoverable Amount Disclosures for Non-financial Assets, which is effective for accounting periods beginning on or after 1 January 2014. The amendments align the disclosures required for the recoverable amount of an asset or Cash Generating Unit (CGU) when this has been determined on the basis of fair value less costs of disposal with those required where the recoverable amount has been determined on the basis of value in use. Certain disclosures are now only required when an impairment loss has been recorded or reversed in respect of an asset or CGU. Other disclosure requirements have been clarified and expanded, for assets or CGUs where the recoverable amount has been determined on the basis of fair value less costs of disposal.

The amendments did not result in any effect on the company's financial statements.

IAS 16, 'Property, Plant and Equipment' (effective for annual periods beginning on or after 1 January 2016). The amendment explicitly states that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset.

IFRS 15, 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 1 January 2017). It replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.

LASCO MANUFACTURING LIMITED**Notes to Financial Statements****Year Ended 31 March 2015****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):****(a) Basis of preparation (cont'd)**

Standards and amendments to published standards that are not yet effective and have not been early adopted by the company

Annual improvements to IFRS, 2010-2012, 2011-2013 and 2012-2014 cycles contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after 1 July 2014. The main amendments applicable to the company are as follows:

IAS 24, 'Related Party Disclosures' has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.

IFRS 13, 'Fair Value Measurement' has been amended to clarify that housing of the standard and consequential amendments to IAS 39 and IFRS 9, did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.

IFRS 7, 'Financial Instruments: Disclosures', (effective for annual periods beginning on or after 1 July 2014) has been amended to clarify when servicing arrangements are the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognized in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset - e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'.

LASCO MANUFACTURING LIMITED

Notes to Financial Statements

Year Ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

Standards and amendments to published standards that are not yet effective and have not been early adopted by the company (cont'd)

IFRS 9, Financial Instruments, (effective for annual periods beginning on or after 1 January 2018), replaces the existing guidance in IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets - amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.

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) 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. Non-monetary items measured at historical cost denominated in a foreign currency are translated using the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

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.

LASCO MANUFACTURING LIMITED**Notes to Financial Statements****Year Ended 31 March 2015****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):****(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.

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 years
Computer equipment	5 years
Motor vehicles	5 years
Leasehold improvements	5 years

(d) 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.
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.

(e) Provisions

Provisions for restructuring costs and legal claims 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. Restructuring provisions comprise employee termination payments. 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 the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

LASCO MANUFACTURING LIMITED

Notes to Financial Statements

Year Ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(f) Revenue recognition

Revenue is recognized in the statement of comprehensive income 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 and allowances and discounts.

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

(g) 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.

(h) Trade receivables

Trade receivables are carried at original invoiced amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the company will not collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the expected cash flows discounted at the market rate of interest for similar borrowings. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to profit or loss.

(i) 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 and in hand and short term deposits with original maturities of three months or less, net of bank overdraft.

LASCO MANUFACTURING LIMITED**Notes to Financial Statements****Year Ended 31 March 2015****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):****(j) Borrowings -**

Borrowings are recognised 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.

(k) 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.

(l) Trade and other payables

Trade payables are stated at amortized cost.

LASCO MANUFACTURING LIMITED

Notes to Financial Statements

Year Ended 31 March 2015

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(m) 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.

(n) 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.

(i) Classification

Financial assets

The company classifies its financial assets as loans and receivables. 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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. The company's loans and receivables comprise receivables, cash and bank balances, short term investments and due from related companies.

LASCO MANUFACTURING LIMITED**Notes to Financial Statements****Year Ended 31 March 2015****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):****(n) Financial Instruments (cont'd)****(iii) 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. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

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. Impairment testing of trade receivables is described in note 3(h).

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, long term loan, due to related company, bank overdraft and payables were classified as financial liabilities.

(o) 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.

LASCO MANUFACTURING LIMITED

Notes to Financial Statements

Year Ended 31 March 2015

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(p) **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.

(q) **Other receivables**

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

(r) **Dividend distribution**

Dividend distribution to the company's shareholders is recognised 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 recognised when declared by the directors.

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

LASCO MANUFACTURING LIMITED

Notes to Financial Statements

Year Ended 31 March 2015

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:

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, at fair value.

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. Market price is used to determine fair value where an active market (such as a recognized stock exchange) exists as it is the best evidence of the fair value of a financial instrument.

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 are.

The standard requires disclosure of fair value measurements by level using the following fair value measurement hierarchy:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
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).

LASCO MANUFACTURING LIMITED**Notes to Financial Statements****Year Ended 31 March 2015****4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D):****(b) Key sources of estimation uncertainty (cont'd)****(i) Fair value estimation (cont'd)**

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

Transfers of items between levels are recognised in the period they occur.

The fair value of financial instruments traded in active markets, such as available-for-sale investments, 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 Jamaica Stock Exchange.

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

(a) The face value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities include cash and bank balances, receivables and payables.

(b) The carrying values of long term liability approximate their fair values, as these loans are carried at amortised cost reflecting their contractual obligations and the interest rates are reflective of current market rates for similar transactions.

(ii) 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 statement of income through impairment or adjusted depreciation provisions.

LASCO MANUFACTURING LIMITED**Notes to Financial Statements****Year Ended 31 March 2015****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

In common with all other businesses, the company's activities expose it to a variety of risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks to minimize potential adverse effects on the financial performance of the company and the methods used to measure them.

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
- Payables
- Due from/to related companies
- Long term loan
- Bank overdraft
- Short term investments

(b) Financial instruments by category**Financial assets**

	Loans and Receivables	
	2015	2014
	\$'000	\$'000
Cash and bank balances	108,117	59,152
Short term investment	82,480	77,871
Related companies	3	3,157
Receivables	<u>1,065,273</u>	<u>795,371</u>
Total financial assets	1,255,883	935,751

LASCO MANUFACTURING LIMITED**Notes to Financial Statements****Year Ended 31 March 2015****5. FINANCIAL RISK MANAGEMENT (CONT'D):****(b) Financial instruments by category (cont'd)**

	Financial liabilities at amortised cost	
	2015 \$'000	2014 \$'000
Payables	600,537	574,562
Bank overdraft	340,260	-
Related company	704	-
Long term loan	1,301,385	1,489,000
Total financial liabilities	2,242,886	2,063,562

(c) Financial instruments not measured at fair value

Financial instruments not measured at fair value includes cash and bank balances, receivables, payables, related company, bank overdraft and long term loan.

Due to their short-term nature, the carrying value of cash and bank balances, receivables, bank overdraft and payables approximates their fair value.

(d) Financial instruments measured at fair value

The company had no financial instruments which were measured at fair value subsequent to initial recognition.

(e) Financial risk factors

The Board of Directors 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 and operating processes that ensure the effective implementation of the objectives and policies to the company's finance function. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investments of excess liquidity.

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**Currency risk**

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

LASCO MANUFACTURING LIMITED**Notes to Financial Statements**

Year Ended 31 March 2015

5. FINANCIAL RISK MANAGEMENT (CONT'D):**(a) Financial risk factors (cont'd)****(i) Market risk (cont'd)****Currency risk (cont'd)**

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

	<u>2015</u> <u>\$'000</u>	<u>2014</u> <u>\$'000</u>
Cash and bank balances	107,352	54,765
Short term investments	82,480	77,871
Receivables	136,765	110,548
Payables	(452,486)	(476,907)
	<u>(125,889)</u>	<u>(233,723)</u>

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, accounts receivable balances and accounts payables balances, and adjusts their translation at the year-end for 15% (2014 - 10%) depreciation and a 1% (2014 - 1%) 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>2015</u>	Effect on Profit before Tax 31 March <u>2015</u> <u>\$'000</u>	% Change in Currency Rate <u>2014</u>	Effect on Profit before Tax 31 March <u>2014</u> <u>\$'000</u>
Currency:				
USD	+1	1,264	+1	2,377
USD	-10	(12,589)	-15	(35,058)

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

31 March 2015	114.49
31 March 2014	109.28

LASCO MANUFACTURING LIMITED**Notes to Financial Statements****Year Ended 31 March 2015****5. FINANCIAL RISK MANAGEMENT (CONT'D):****(e) Financial risk factors (cont'd)****(i) Market risk (cont'd)****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. As the company does not have a significant exposure, market price fluctuations are not expected to have a material effect on the net results or stockholders' equity.

Cash flow and fair value interest rate risk

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

Interest rate sensitivity

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

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.

The company's interest rate risk arises from cash and bank balances, loan and bank overdraft. Loan interest is fixed for three years hence there is no significant exposure to interest rate fluctuations.

(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, due from related company and cash and bank balances.

LASCO MANUFACTURING LIMITED**Notes to Financial Statements****Year Ended 31 March 2015****5. FINANCIAL RISK MANAGEMENT (CONT'D):****(a) Financial risk factors (cont'd)****(i) Credit risk (cont'd)****Trade receivables**

Revenue transactions in respect of the company's primary operations are settled in cash. For its operations 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.

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

	<u>2015</u> <u>\$'000</u>	<u>2014</u> <u>\$'000</u>
0-30 days	1,031,395	665,755
31-60 days	172	85,781
61-90 days	22,827	8,848
90 days and over	<u> </u>	<u>21,248</u>
	<u>1,054,394</u>	<u>781,632</u>

Trade receivables that are past due but not impaired

At as 31 March 2015, trade receivables of \$12,999,000 (2014 - \$115,877,000) were past due but not impaired. These relate to customers for whom there is no recent history of default.

LASCO MANUFACTURING LIMITED**Notes to Financial Statements****Year Ended 31 March 2015****5. FINANCIAL RISK MANAGEMENT (CONT'D):****(c) Financial risk factors (cont'd)****(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.

Liquidity risk management process

The company's liquidity management process, as carried out within the company and monitored by the Finance Department, includes:

- (i) Monitoring future cash flows and liquidity on a bi-weekly 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) Optimizing 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	2 to 5 Years \$'000	Over 5 Years \$'000	Total \$'000
31 March 2015					
Payables	655,659	-	-	-	655,659
Bank overdraft	340,260	-	-	-	340,260
Long term loan	342,946	958,439	-	-	1,301,385
Total financial liabilities (contractual maturity dates)	1,338,865	958,439	-	-	2,297,304
31 March 2014					
Payables	636,092	-	-	-	636,092
Long term loan	187,615	342,946	958,439	-	1,489,000
Total financial liabilities (contractual maturity dates)	823,707	342,946	958,439	-	2,125,092

LASCO MANUFACTURING LIMITED**Notes to Financial Statements****Year Ended 31 March 2015****5. FINANCIAL RISK MANAGEMENT (CONT'D):****(e) 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.

6. REVENUE:

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

7. OTHER OPERATING INCOME:

	<u>2015</u> <u>\$'000</u>	<u>2014</u> <u>\$'000</u>
Interest income	208	1,195
Tax refund	14,472	
Other income	<u>1,775</u>	<u>441</u>
	<u>16,455</u>	<u>1,636</u>

LASCO MANUFACTURING LIMITED**Notes to Financial Statements****Year Ended 31 March 2015**

8. EXPENSES BY NATURE:		
Total administrative, selling and other expenses:		
	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>
Staff costs (note 9)	209,884	147,233
Directors' fees	5,083	2,833
Auditors' remuneration -		
current year	4,300	4,000
prior year	-	(35)
Legal and professional	27,531	16,147
Security	22,028	22,699
Insurance	51,476	40,224
Repairs and maintenance	16,302	9,248
Building rental	9,556	11,655
Advertising and promotion	90,688	73,387
Foreign exchange loss	4,840	8,279
Travelling and entertainment	25,363	21,299
Depreciation	67,098	26,941
Donations and subscriptions	14,071	7,309
Bank charges	7,890	7,372
Utilities	75,944	44,150
Other operating expenses	<u>13,598</u>	<u>16,238</u>
	645,252	458,979

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

9. STAFF COSTS:		
	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>
Salaries and related costs	123,284	75,391
Directors' emoluments	48,706	45,242
Profit related pay	3,297	2,937
Termination costs	9,649	2,479
Pension costs	3,137	3,032
Staff welfare	<u>17,636</u>	<u>16,188</u>
	205,799	145,269
Redundancy costs	<u>4,085</u>	<u>1,964</u>
	209,884	147,233

The average number of persons employed by the company during the year was fifty-one (51), (2014 - forty-two (42)).

Also included in cost of sales is an amount of \$90,295,389 (2014 - \$71,183,557) representing production workers staff costs.

LASCO MANUFACTURING LIMITED**Notes to Financial Statements****Year Ended 31 March 2015****10. FINANCE COSTS:**

	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>
Interest expense	125,378	14,570

11. TAXATION EXPENSE:

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

	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>
Profit before taxation	669,368	584,450
Taxation calculated at 25%	167,342	146,113
Adjusted for the effects of:		
Expenses not deducted for tax purposes	19,056	9,095
Net effect of other charges and allowances	(9,131)	(26,466)
	177,267	118,742
Adjustment for the effect of tax remission:		
Current tax	(177,267)	(118,742)
Taxation in income statement	—	—

(b) 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.

(c) The Government of Jamaica enacted new tax measures to change the tax incentive regimes applicable to various industries, effective 1 January 2014. Some of these changes are as follows:

- The maximum capital allowances on private motor vehicles, which were previously limited to J\$3,200, increased to a maximum of US\$35,000;
- Initial allowance has been abolished on capital expenditure except for industrial buildings, plant and machinery used in manufacturing and computers;
- Annual allowances are now granted on a straight line basis at various improved rates ranging from 4% to 25%.

LASCO MANUFACTURING LIMITED**Notes to Financial Statements****Year Ended 31 March 2015****11. TAXATION EXPENSE (CONT'D):**

- (d) Under the Provisional Collection of Tax Act, the Minimum Business Tax Order, 2014, enacted a new minimum tax of \$60,000 per annum commencing in the year of assessment 2014. The Minimum Business Tax paid can be credited towards the Income Tax Payable for the year of assessment, provided that the income tax liability is greater than the minimum tax. This tax has been paid by the company and has been included in other operating expenses. No reclassification has been deemed necessary due to the insignificance of the amount.

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>2015</u>	<u>2014</u>
Net profit attributable to stockholders (\$'000)	669,368	584,450
Number of ordinary stock units ('000)	4,087,130	4,087,130
Earnings per stock unit (\$ per share)	<u>0.16</u>	<u>0.14</u>

LASCO MANUFACTURING LIMITED

Notes to Financial Statements

Year Ended 31 March 2015

11. PROPERTY, PLANT AND EQUIPMENT:

	Land & Buildings £'000	Machinery & Equipment £'000	Leasehold Improvements £'000	Assets under Construction £'000	Motor Vehicles £'000	Furniture & Fixtures £'000	Computer Equipment & Accessories £'000	Total £'000
At cost:								
1 April 2013	149,479	159,126	5,277	1,707,851	15,698	4,994	195,131	2,238,756
Transfer	747,377	(26)	-	(747,377)	-	-	26	-
Additions	-	1,156	-	1,601,394	-	85	61,099	1,663,794
Retirement/disposal	-	-	-	-	-	(1,518)	-	(1,518)
31 March 2014	896,856	160,436	5,277	1,961,780	15,698	4,561	256,454	3,201,012
Transfer	205,554	925,900	-	(1,131,500)	-	-	24	-
Additions	-	1,298	-	310,133	1,847	701	8,667	522,746
Retirement/disposal	-	(1,443)	-	-	(2,942)	-	-	(4,385)
31 March 2015	1,102,410	1,086,313	5,277	1,340,413	14,603	7,262	265,147	3,821,385
Depreciation:								
1 April 2013	14,604	108,817	2,640	-	9,845	4,004	191,830	334,030
Adjustment	-	(8)	-	-	-	-	5	1
Charge for the year	5,498	10,910	698	-	2,347	349	6,929	26,641
Retirement/disposal	-	-	-	-	-	(138)	-	(138)
March 2014	20,300	119,803	3,338	-	12,692	4,217	200,774	360,846
Charge for the year	24,478	25,624	698	-	2,613	415	13,270	67,098
Retirement/disposal	-	(1,443)	-	-	(3,467)	-	-	(4,910)
31 March 2015	44,778	143,986	4,236	-	11,338	4,632	214,044	415,036
Net Book Value:								
31 March 2015	1,057,640	942,327	1,041	1,340,413	1,269	2,630	51,093	3,396,750
31 March 2014	876,554	40,633	1,739	1,961,780	1,506	2,344	33,647	2,940,178

LASCO MANUFACTURING LIMITED**Notes to Financial Statements****Year Ended 31 March 2015****13. PROPERTY, PLANT AND EQUIPMENT (CONT'D):**

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.

The net book value of property, plant and equipment includes assets under construction amounting to \$1,340,412,000 (2014 - \$1,961,780,000) relating to the construction of new warehouse, plant and equipment to be located at White Marl, St. Catherine.

The cost will be depreciated once the property is complete and available for use. The estimated (additional) cost of completion of the facility is \$373,173,000.

14. INVENTORIES:

	<u>2015</u> <u>\$'000</u>	<u>2014</u> <u>\$'000</u>
Raw materials	423,472	341,266
Finished goods	36,703	18,220
Goods in transit	299,246	282,398
	<u>759,421</u>	<u>741,884</u>

15. RECEIVABLES:

	<u>2015</u> <u>\$'000</u>	<u>2014</u> <u>\$'000</u>
Trade receivables	1,054,594	781,632
Other receivables	77,119	30,300
	<u>1,131,713</u>	<u>811,932</u>

LASCO MANUFACTURING LIMITED**Notes to Financial Statements****Year Ended 31 March 2015****16. RELATED PARTY TRANSACTIONS AND BALANCES:**

	<u>2015</u> <u>\$'000</u>	<u>2014</u> <u>\$'000</u>
<u>Transactions during the year</u>		
Purchase of goods/foreign currency:		
Lasco Distributors Limited	41,927	32,953
Lasco Financial Services Limited	2,538,135	2,348,512
Sale of goods/services:		
Lasco Distributors Limited	4,190,445	3,622,535
Loan from director	141,000	-
Management fees income/(expense):		
Lasco Financial Services Limited	-	(143)
Building rental expense	6,840	6,840
Key management compensation (included in staff costs - note 9):		
Key management includes directors, (executive and senior managers) -		
Salaries and other short-term employee benefits	52,926	52,908
Directors' emoluments:		
Fees	5,083	2,833
Management remuneration (included above)	52,093	48,179
<u>Year end balances</u>		
With related companies:		
Due from -		
Lasco Distributors Limited	-	7
Lasco Foods Limited	-	3,141
Lasco Financial Services Limited	3	9
	<u>3</u>	<u>3,157</u>
Lasco Distributors Limited (included in trade receivables)	910,248	669,379
Lasco Financial Services Limited (included in trade receivables)	14	1,203

LASCO MANUFACTURING LIMITED**Notes to Financial Statements****Year Ended 31 March 2015****16. RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):****Year end balances (cont'd)**

	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>
Due to -		
Lasco Distributors Limited (Included in payables)	21,758	13,628
Lasco Financial Services Limited (Included in payables)	<u>-</u>	<u>542</u>

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

With directors and other key management:

Directors' current account	13,126	2,377
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This amount was repaid in April 2015.

17. SHORT TERM INVESTMENTS:

This represents US\$ interest bearing deposit which have been invested for a period of one (1) year at a weighted average interest rate of 1.24%.

18. CASH AND CASH EQUIVALENTS:

	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>
Cash and bank balances -		
Cash at bank and in hand	70,295	23,512
Short term deposit	<u>37,832</u>	<u>35,800</u>
	108,127	59,352
Bank overdraft	<u>(240,260)</u>	<u>-</u>
	<u>(232,133)</u>	<u>59,352</u>

The bank overdraft is secured as a part of the total security for the loan facility (see note 20).

Included in short term deposits is interest receivables of \$18,215 (2014 - \$12,347).

The weighted average interest rate on short term deposits denominated in United States dollars was 0.80% (2014 - 0.80%) and these deposits mature within 30 days.

19. SHARE CAPITAL:

	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>
Authorised -		
4,427,500,000 ordinary shares of no par value		
Stated capital -		
Issued and fully paid -		
4,087,130,170 ordinary shares of no par value	305,298	305,298

LASCO MANUFACTURING LIMITED**Notes to Financial Statements****Year Ended 31 March 2015****20. LONG TERM LOAN:**

	<u>2015</u> \$'000	<u>2014</u> \$'000
Expansion loan	1,301,385	1,489,000
Less: current portion	<u>(342,946)</u>	<u>(187,615)</u>
	<u>958,439</u>	<u>1,301,385</u>

The loan attracts an interest rate of 8.4% per annum which is fixed for three years to 31 May 2015. Thereafter, either a new fixed rate is to be determined for the remaining two years of the facility or a variable rate of 6 month weighted average treasury bill yield rate plus 2%, with the interest rate to be reset semi-annually based on the most recent 6 month treasury bill yield rate immediately prior to the date of reset, will be applied.

The expansion loan facility was extended by thirty six months to a new maturity date of 31 August 2021. As such, beginning 31 March 2015 the loan will be payable at an interest rate of 8.7% per annum, amortised over seventy nine months. After three years (effective 31 March 2018) the monthly payment on principal and interest will be determined based on the new interest rate and repayment structure agreed at that time.

The loan and bank overdraft 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 Financial Statements****Year Ended 31 March 2015**

21.	PAYABLES:		
		<u>2015</u>	<u>2014</u>
		<u>\$'000</u>	<u>\$'000</u>
	Trade payables	498,071	503,707
	Other payables and accruals	157,588	132,385
		<u>655,659</u>	<u>636,092</u>

22. **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 \$3,136,822 (2014 - \$3,032,276) for the year.

23. **CONTINGENT LIABILITIES:**

The company's banker has issued guarantees in favour of third parties totalling \$8,000,000 (2014 - Nil).

LASCO MANUFACTURING LIMITED

ANNUAL GENERAL MEETING



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 Wednesday, September 30, 2015 at 10:30 a.m. and at any adjournment thereof.

I desire this form to be used for/against the resolutions.

Signed this _____ day of _____ 2015

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



27 Red Hills Road, Kingston 10
Jamaica, W.I.
www.lascojamaica.com

