

A N N U A L R E P O R T

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LASCO



Manufacturing

LASCO



Vision Statement

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 Statement

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

Being the best Always.

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Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **LASCO MANUFACTURING LIMITED** will be held at the Knutsford Court Hotel, 16 Chelsea Avenue, Kingston 5, on **October 25th, 2011** at **9:00 am**. The proposed resolutions are as follows:
ORDINARY BUSINESS

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, 2011 and the Reports of the Directors and Auditors, circulated with notice convening the meeting, be and are hereby adopted."

2. Dividend

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

"THAT the Interim Dividend of fifteen cents (15¢) on each ordinary stock paid on August 15th, 2011 to shareholders on record at the close of business on July 29th 2011 be declared final and that no further dividend be paid in respect of the year under review."

3. Election of Directors

Article 97 of the Company's Articles of Association 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. The Directors retiring under this Article are **Hon. Lascelles Chin OJ, CD, and Mr. J.A. Lester Spaulding CD, JP**, and being eligible; offer themselves for re-election.

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

(i) **"THAT** Director, **HON. LASCELLES CHIN OJ, CD**, retiring pursuant to **Articles 97** of the Articles of Association be and is hereby re-elected."

(ii) **"THAT** Director, **MR. J.A. LESTER SPAULDING CD, JP**, retiring pursuant to **Articles 97** of the Articles of Association be and is hereby re-elected."

4. Directors Remuneration

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

"THAT, the Directors remuneration shall be such an amount as the Board of Directors, or any appropriate Committee of the Board of Directors, may determine, pursuant to **Article 77** of the Company's Articles of Incorporation."

5. Appointment of Auditors and their Remuneration

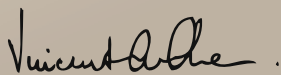
To consider and if thought fit, pass the following resolution:

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

6. Discuss any other business which can be properly and lawfully considered at an Annual General Meeting.

Dated this 31st day of August 2011

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

DIRECTORS

Chairman

Hon. Lascelles Chin OJ CD

Executive

Dr. Eileen Chin MBA

Non-Executive

Mr. Anthony V. Chang

Mr. J.A. Lester Spaulding CD JP

Prof. Rosalea Hamilton Ph.D

Secretary

Mr. Vincent A. Chen – Attorney -at- Law

List of Senior Officers

Hon. Lascelles Chin OJ CD – Executive Chairman

Dr. Eileen Chin – Managing Director

Mr. Paul Darby – Financial Accountant

Mrs. Wincella Cummings – Senior Business Strategy Officer

Attorneys-At-Law

Mr. Vincent Chen

Chen Green & Company

6 Haining Road

Kingston 5

Jamaica W.I.

Bankers

FirstCaribbean International Bank Jamaica Limited

23-27 Knutsford Boulevard

Kingston 5

Jamaica W.I.

Auditors

BDO

26 Beechwood Avenue

Kingston 5

Jamaica W.I.

Registrar and Transfer Agents

Jamaica Central Securities Depository

40 Harbour Street

Kingston

Jamaica W.I.

LASCO Manufacturing Limited

Registered Office

27 Red Hills Road

Kingston 10

Jamaica, W.I.

Website: www.lascojamaica.com

Shareholders' Profile

TOP TEN LARGEST

		No. of Units
1.	Lascelles Chin	324,712,225
2.	Catherine Adella Peart	5,740,000
3.	Generation 4 Company Limited	5,591,644
4.	Mayberry West Indies Limited	4,681,683
5.	Huixiong Liao	4,040,154
6.	Joel Gonzalez	2,000,000
	*Liudmila Gonzales Diaz	1,000,000
7.	Erwin Angus	2,600,000
	* Cherita Angus	61,637
8.	Bamboo Group Holdings Limited	2,379,660
9.	Liudmila Gonzalez Diaz	2,000,000
	* Joel Izquierdo Gonzalez	222,000
10.	Mayberry Managed Clients Account	2,146,119

DIRECTORS

1.	Lascelles Chin	324,712,225
2.	Eileen Chin	1,600,000
	*Hilda Gonzales Rosales	100,000
3.	Anthony Chang	400,000
4.	J.A. Lester Spaulding	150,300
5.	Rosalea Hamilton	275,300

SENIOR OFFICERS

1.	Vincent Chen	1,473,049
2.	Paul Darby	150,000

* Connected party

Chairman's Statement

It is my pleasure on behalf of the Board of Directors to welcome shareholders to the Annual General Meeting of LASCO Manufacturing Limited (LML).

2010 - 2011 was an exciting year for LASCO Manufacturing Limited. The Company's progress was well supported by the market. Our entry to the Jamaica Stock Exchange Junior Market on October 12, 2010 was a significant milestone and one which we will continue to build on.

The financial year ending March 31, 2011 produced after tax profits that more than tripled the previous year. The past 12 months have been a period of progress and transition at LML, where the management of the Company took steps to reduce costs, broaden its asset base, increase profitability and to maintain the Company's position in the market. We continued growing our business by delivering quality products and services that promote sustainable development and create trust from our consumers.

While there is still more work to be done, we believe that the progress made in 2010 - 2011 provides a strong foundation to help us further our goals.

The Company's leadership has developed targets that will ensure we achieve our aims and objectives in line with business



growth. We will also need to ensure that we have the right mix of technical skills and competencies by continuing to develop programmes on leadership, personal development, risk management and community engagement. We are determined to fully utilise the talents of all our people as they are the real assets of our Company.

Our diversification has spread our base beyond the packaging of powdered milk and it is this diversification, along with our robust history and vast experience in management and sales, which have enabled us to survive the turmoil of the past few years.

Over the next three years we will focus on improving efficiency while further reducing operational costs. Importantly, the proposed expansion will transform LASCO Manufacturing Limited as it will give us the capacity to pursue a strategic diversification of products.

We will remain very much in the regulatory spotlight and will monitor those requirements carefully as such regulations have significant economic consequences for shareholders and the future of our Company. Our sustained growth and value to society depends on efficient management of the organisation whilst maintaining the highest standards of integrity.

A handwritten signature in black ink, appearing to be "L. Chin".

Hon. Lascelles A. Chin OJ CD
Chairman & CEO



Board of Directors



Mr. J.A. Lester Spaulding CD JP

Hon. Lascelles Chin OJ CD



Dr. Eileen Chin MBA

Mr. Anthony V. Chang

Prof. Rosalea Hamilton Ph.D.

Profiles of Directors

Recipient of the Order of Jamaica for his philanthropy and contribution to the development of commerce and business, Lascelles Chin is the Chairman and Founder of the LASCO Affiliated Companies.

This Jamaican born entrepreneur who ventured into the field of business and commerce in 1956, found opportunities in a variety of sectors: the import of spices and teas, sales of adhesives through his partnership with Henkel, furniture manufacturing, data processing, car rentals, horticulture, insurance brokerage, hair products, soya oil refining and chicken processing. Because of his wealth of knowledge and business

experience and always mindful of his humble beginnings, the Chairman has constantly sought to develop and distribute affordable products.

The Chairman shares his ideas and energy with his business colleagues and has contributed greatly to prominent Jamaican organisations such as the Jamaica Industrial Development Corporation, the Jamaica Exporters' Association and the Jamaica Promotions Corporation (JAMPRO). He is a past director of the Bureau of Standards' Standard Council and is currently serving as director on the University of the West Indies' School of Nursing Advisory Board and the Kings House Foundation, the Caribbean Community of Retired Persons (CCRP) and Chairman of the Board of Affiliated Companies Lasco Distributors Limited and Lasco Financial Services Limited. The Chairman has also been listed among the top 10 personalities in Jamaica published by the Jamaica Observer on several occasions.

**The Hon. Lascelles A. Chin OJ CD
Executive Chairman**

Mr. Anthony Chang is a non-executive Director of the Company. Mr. Chang is a graduate of the University Of Western Ontario, Canada (Bachelor of Arts) and has also completed many professional courses. He was awarded a Hubert Humphrey fellowship by the American University of Washington, D.C. (1996). Prior to joining the LASCO affiliated entities, Mr. Chang was the Managing Director of T. Geddes Grant Limited.

Mr. Chang is also a board member of various local institutions and companies including Scotia Group Limited, Scotia DBG Investments Limited and Digicel Jamaica Limited. In the past he was President of the Jamaica Chamber of

Commerce, Chairman of Legislation and Regulation (a USAID and Government of Jamaica private sector project which, amongst other things, funded the re-organisation of the local Taxpayer Audit and Administration Department's audit programmes and created the Caribbean's first Developmental Approval Centre at NEPA).

**Mr. Anthony Chang
Non - Executive Director**

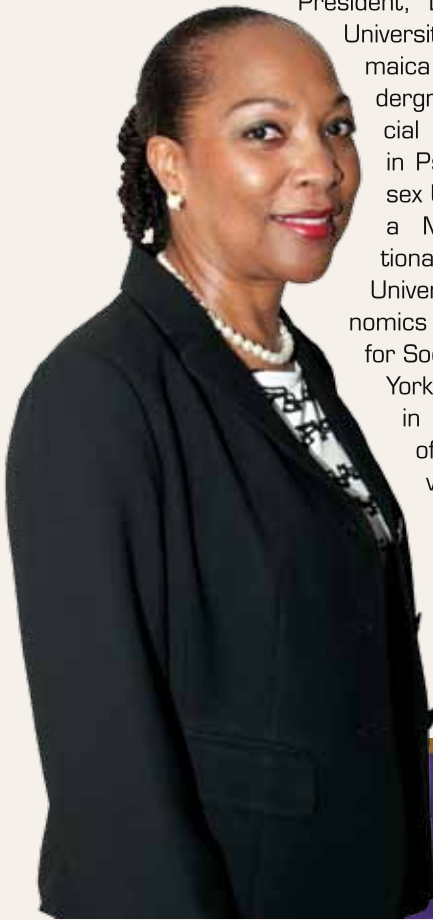
*P*rofessor Rosalea Hamilton is Vice President, Development at the University of Technology, Jamaica (UTech). She did undergraduate studies in Social Science, specialising in Psychology, at Middlesex University in England; a Masters in International Affairs at Columbia University; a Ph.D in Economics 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) in New York; Nova Southeastern University in Florida; Northern Caribbean University, Jamaica and at the University of the West Indies, Jamaica in the areas of Entrepreneurship, Law, Managerial Economics and International Trade.

As President of The MSME Alliance, her commitment to promoting entrepreneurship and development is evident in her on-going 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 in 2008.

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



**Prof. Rosalea Hamilton Ph.D.
Non - Executive Director**

*D*r. Eileen Chin is the Managing Director and Executive Director on the Board of LASCO Manufacturing Ltd. She was born in Havana City, Cuba. She holds a post graduate degree in Medicine from the Havana University's School Of Medicine. She specialised and taught histology to medical students from 1993 to 1998 at the Giron School of Medicine, Havana City. Dr. Eileen Chin migrated to Jamaica in 1998.

Dr. Chin commenced working within the LASCO Group of Companies in 1999 in various capacities including Marketing Department - Label Development, Export Department - Central and South American Sales Representative and Export Director.

Dr. Eileen Chin holds an MBA in Global Management. She attended knowledge and skills development training in Advanced Negotiation and Lean Six Sigma. She is also a member of the Board of Directors of LASCO Financial Services Limited, LASCO Distributors Limited and LASCO Manufacturing Limited.



**Dr. Eileen Chin MBA
Managing Director**

*M*r. Spaulding began his career as an accountant at what is now known as PricewaterhouseCoopers prior to joining Radio Jamaica Limited (RJR) in February 1965. He served in many and varied positions gaining a full understanding of the media in all its forms, eventually becoming Managing Director in April 1978 and later, Executive Chairman. He has since led the Company through a number of key transitions, from being a full subsidiary of a British company to its acquisition by the Government of Jamaica and its subsequent divestment and later, guided it through a successful IPO on the Jamaica Stock Exchange in 1991.

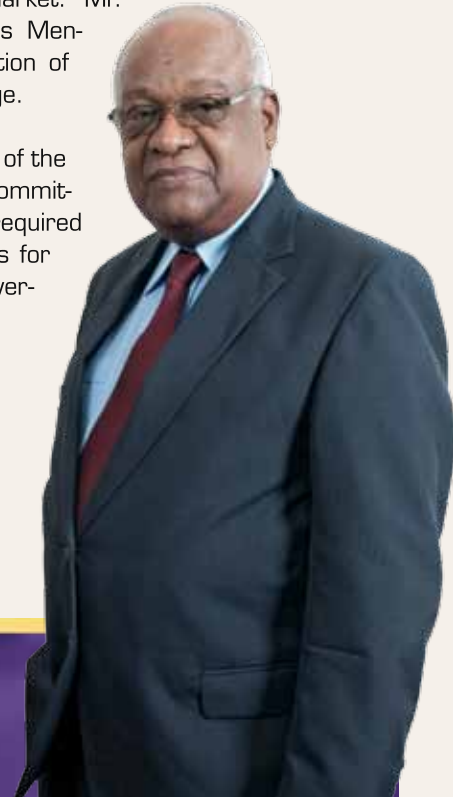
Over the span of his career at RJR Mr. Spaulding also oversaw the expansion of the RJR Group which now includes 3 radio stations (RJR, FAME, and Radio 2), one free-to-air television station (TVJ) as well as three cable channels and a multi-media division specialising in internet and new media (MMJ).

Mr. Spaulding is currently the non- executive Chairman of RJR Group and he also serves on the Boards of other commercial institutions. He is very much involved in community service and now serves as a Director of the Private Sector Organisation of Jamaica's Crime Prevention Fund (Crime Stop), Peace and Love in Schools (PALS), the Caribbean Community of Retired Persons (CCRP), Guardsman Communications, Jamaica Na-

tional Money Services (JNMS), Scottish Masonic Association Ltd and as Vice President of the St. Andrew Justice of the Peace and Lay Magistrates Association.

Mr. Spaulding serves as a Mentor for the Company for the purposes of the Rules of the Jamaica Stock Exchange Junior Market and as such, he is responsible for advising the Board on the implementation of adequate procedures, systems and controls for corporate governance, financial reporting and the release of timely information to the market. Mr. Spaulding's appointment as Mentor is subject to confirmation of the Jamaica Stock Exchange.

Mr. Spaulding is a member of the Audit and Remuneration Committees of the Company as required by the Junior Market Rules for the purposes of good governance.



**Mr. J.A. Lester Spaulding CD JP
Non - Executive Director and Mentor
to the Board**

C Corporate Governance Audit and Compliance Committee

The Audit and Compliance Committee has a direct responsibility to assist the Board of Directors by giving oversight to the financial reporting and the auditing process of the Company's financial affairs.

The members of the Committee, as appointed by the Board of Directors are as follows:

- a) Mr. J.A. Lester Spaulding CD JP – Chairman
- b) Hon. Lascelles Chin OJ CD
- c) Prof. Rosalea Hamilton Ph.D.

The Committee shall meet every quarter. Two members of the Committee form a quorum, the Managing Director and the Financial Accountant shall attend the Committee meetings as invitees.

The Committee is guided by an agreed 'Terms of Reference' by the Board of Directors. The key responsibilities are explained below:

a. Good Fiscal Discipline

The Committee will provide periodic oversight to the maintenance and improvement of current procedures and control for the tracking of the Company's income and expenditure and the internal auditing of the procedures of the Company designed to accomplish good fiscal accountability.

The direct responsibility for the daily overview is with the Managing Director supported by the Financial Accountant and any appointed internal and/or external auditors.

b. Financial Reporting

The Committee shall ensure that the Company adheres to the Rules of the Jamaica Stock Exchange (JSE), and will examine and recommend to the Board of Directors, for publication, the unaudited accounts to be published quarterly and annually as audited by the external independent auditor.

c. Timely Disclosure

The Committee shall ensure the timely disclosure of information relating to the Company to all the stockholders through the JSE, that is, information that has the potential to affect share prices or profitability, including any significant change in operations, capital investments, appointments or resignations of senior and/or key managers in the Company and any proposed changes in the issuance or repurchase of shares, takeovers, mergers and amalgamations.

The Committee has so far convened one meeting on March 31, 2011, all members were in attendance. A Code for Securities Transaction by Directors and Senior Officers of the Company, also accepted by the Board of Directors, was instituted. This code establishes blackout periods for trading of securities of the Company by Directors, Senior Officers, general staff members and connected parties.

C Corporate Governance Compensation Committee

The Compensation Committee was established by the Board of Directors with responsibility to advise the Board on all matters relating to the Compensation of the Executive Management and Board membership of the Company. The members of the committee, as appointed by the Board of Directors are as follows:

- a) Prof. Rosalea Hamilton Ph.D. – Chairman
- b) Hon. Lascelles Chin OJ CD
- c) Mr. J.A. Lester Spaulding CD JP

The Committee shall meet at least once per year; however, special meetings may be called if considered necessary. Two members of the Committee form a quorum. To date the Committee has met once and all members were in attendance.

The Terms of Reference for the Committee were proposed and the primary responsibilities of the Committee shall be to:

- a) Set, review and approve corporate goals and objectives relative to the performance of the non-independent Chairman and the Managing Director of the Company.
- b) Evaluate the performance of the non-independent Chairman and the Managing Director of the Company.
- c) Review and set compensation of the non-independent Chairman and the Managing Director of the Company.
- d) Approve the material terms of any employment agreements, severance arrangements, change in control and material changes to employment policies.
- e) Review and make recommendations with respect to the appropriateness of the Board's compensation to non-executive Directors on a biennial basis or as circumstances may warrant.
- f) Review and discuss with the executive management, at least on an annual basis, management's assessment of whether there are risks arising from the Company's compensation policies and practices for executives and employees which may have a material adverse effect on the Company.
- g) Mandate the Committee Chairman to review annually with the Audit and Compliance Committee Chairman, the implication of the exercise at (f) above.
- h) Develop and review the existing incentive programme for executive management and employees.

The Committee shall make its recommendations to the Board of Directors through its Chairman.

Directors' Report

For the financial year ended March 31, 2011, the Directors are pleased to present their report for LASCO Manufacturing Limited ("the Company").

FINANCIAL RESULTS

The Statement of Comprehensive Income shows pre-tax profits for the year of \$517.8m, taxation of \$116.6m, and profit after tax of \$401m. On October 12, 2010, the Company's shares were listed on the Junior Market of the Jamaica Stock Exchange and for that reason the Company is not liable for corporate income tax from the date of listing.

DIRECTORS

The Directors of the Company as at March 31, 2011 are:

- Hon. Lascelles Chin OJ CD (Executive Chairman)
- Dr. Eileen Chin MBA (Managing Director)
- Mr. Anthony Chang (Non-Executive)
- Mr. J.A. Lester Spaulding CD JP (Non-Executive)
- Prof. Rosalea Hamilton Ph.D (Non-Executive)

In accordance with Article 97 of the Articles of Incorporation of the Company Hon. Lascelles Chin and Mr. J.A. Lester Spaulding shall retire by rotation and, being eligible, will offer themselves for re-election in accordance with the Articles of Incorporation.

AUDITORS

The Auditors of the Company, BDO, of 26 Beechwood Avenue, Kingston 10, Jamaica, have expressed their willingness to continue in office in as Auditors of the Company until the conclusion of the next Annual General Meeting.

DIVIDEND

No interim dividend was declared as at year ending March 31, 2011.

THANK YOU

We wish to thank our customers, agents, employees and shareholders for their continued support.

Dated this 31st day of August 2011

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS



Vincent A. Chen
COMPANY SECRETARY



M

anaging Director's Review

It is a great pleasure to report to you for the first time as LASCO Manufacturing Limited's Managing Director. I am delighted to be a part of the team and to have the opportunity of leading this great company.

Taking on this role is an honour and a privilege, but equally, a huge responsibility. These are testing times which demand the very best of us all and that is the spirit in which I intend to take the business forward.

This past year saw businesses like LASCO Manufacturing Limited face challenges in their operations. Increases in the price of raw materials and a reduction in consumer confidence has affected many businesses but the LASCO team has assiduously worked to improve efficiencies, reduce expenses, increase sales and, consequently, profitability.

Our response to those factors and conditions has been to demonstrate outstanding agility as a business, agility which has allowed us to mitigate risk and maximise opportunity, and which has delivered a good financial performance.

Our ability to be flexible and maneuver in these trying times will continue to be vital in the fiscal year 2012. Our overall aim and objective has been to make the business stronger in spite of prevailing economic challenges.

For the year ended March 31, 2011, LASCO Manufacturing Limited enjoyed growth of 14.7% in sales revenue over the same period in 2010. Turnover for 2011 was \$2.97b compared to \$2.59b in 2010.

Overall, gross profits increased by 35.76% while net profits increased by 203% from \$132.2m for the year ended March 31, 2010 to \$401.2m for the year ending March 31, 2011. This was due to increased sales in both local and export markets.


Management also introduced cost control initiatives which have also contributed to the rise in the Company's profitability. Among the many initiatives to contain operating costs, Management decided to pay off all outstanding loans in October 2010.



Based on our strategic business plan and budget, we have embarked on a course of expansion plans for our export market which will enhance our sales and profitability.

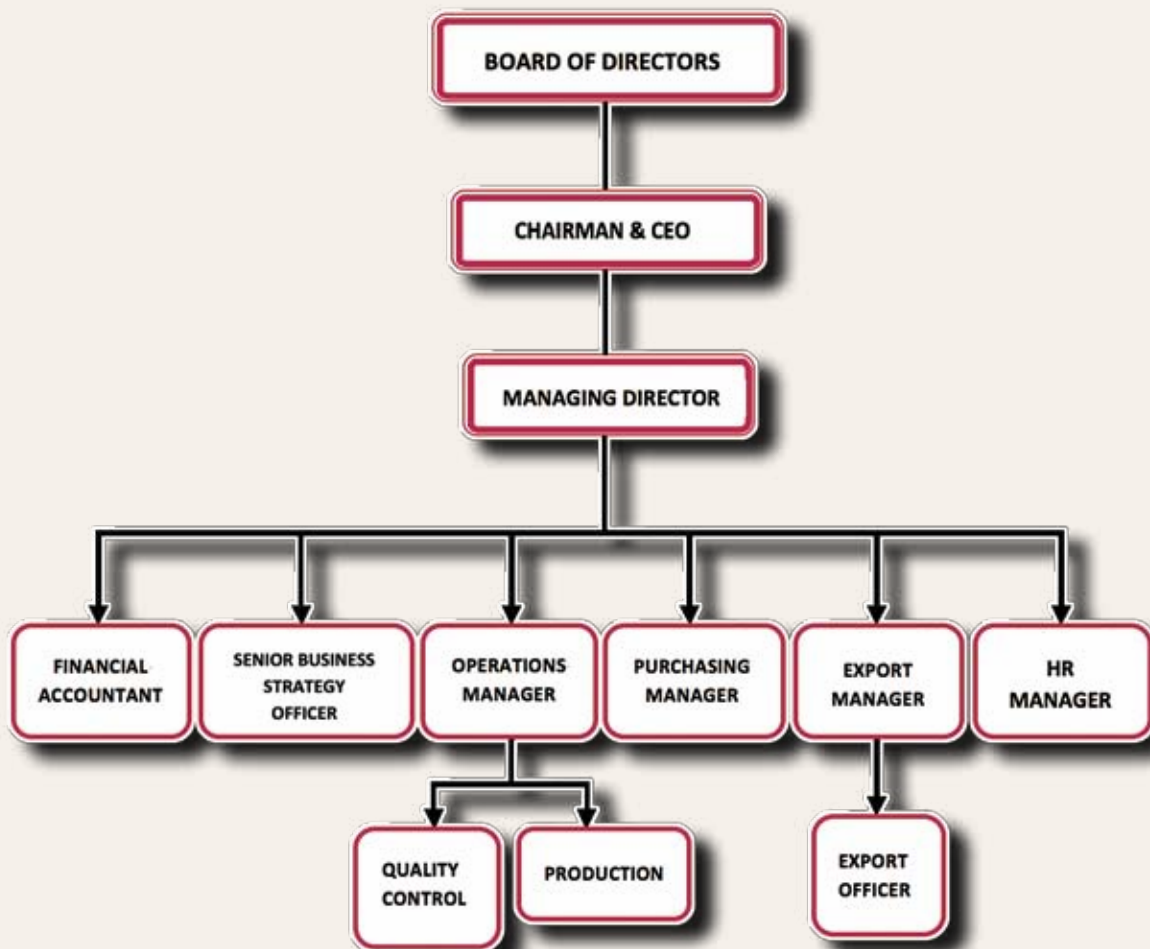
In addition, the management team, under the guidance of our Chairman, has been working assiduously to meet our objectives in the areas of relocation, expansion and modernisation of the manufacturing facility. The expansion should allow LASCO Manufacturing to further reduce operational costs, diversify the product portfolio resulting in increased sales, revenue and profitability.

The success of a company lies in its people and LASCO Manufacturing's team is prepared to carry the Company from strength to strength, providing top-quality affordable products whilst living up to our shareholders' expectations. The staff at LASCO has been driving the changes. My colleagues have worked extremely hard in what was a tough, though satisfying year. I want to recognise that great collective effort and to state how fortunate I feel to work with such a dedicated team.

A handwritten signature in black ink, appearing to read 'Eileen Chin', with a stylized, cursive script.

Dr. Eileen Chin MBA
Managing Director

Organisational Chart



Management Team



(seated-centre) Dr. Eileen Chin, Managing Director, is flanked by her management team:
(R-L) Mrs. Teri Thomas - Export Manager, Mrs. Rhona Rhoden-Munoz - Purchasing Manager,
Mr. Nicholas Sutherland - Export Officer, Mrs. Wincella Cummings - Senior Business Strategy Officer,
Mr. Paul Darby - Financial Accountant, Ms. Francisca Anderson - Human Resource Manager,
Mr. Pete Smith - Operations Manager, Mrs. Barbara Peart - Quality Control Officer
(seated-foreground).



**OATS
PORRIDGE
MIX**

**Porridge in a
FLASH** every time!



- Ready in one minute
- Nutritious Soy Protein
- 3 Delicious Flavours
- Great to reduce cholesterol
- Best value for money!



www.lascojamaica.com

M Management Discussion and Analysis

Core Business and Strategy

LASCO Manufacturing Limited was incorporated in October 1994 when its Founder, Chairman and CEO decided that LASCO would embark on a new programme to provide nutritious, tasty and affordable products to Jamaicans, the Caribbean and other markets. LASCO Manufacturing Limited was formed by amalgamating LASCO Foods (Successors) Limited and LASCO Foods Limited.

The Company changed its name from LASCO Foods (Successors) Limited in August 2010. In October 2010 LASCO Manufacturing Limited became a public liability company after its first offer on the Jamaica Stock Exchange Junior Market.

Investing in advanced technology, high calibre employees and training opportunities for our staff has been the recipe for success for LASCO. The Company prides itself on its results-oriented approach and its passion to please consumers. Slogans such as “LASCO Makes Living Affordable”, “Nutrition Never Tasted so Good” and “Positive on Quality” reflect LASCO’s commitment to its consumers. It is this commitment which has earned the respect and admiration of the public at large and made us a household name.

LASCO Manufacturing Limited has pioneered a range of products, amongst which are its soy protein beverages. These drinks deliver to the consumer a highly nutritious product at a reasonable price. Accolades have been received from the American Soy Bean Association which has hailed the LASCO Food Drink line as the tastiest soy product in the world.

The Company has developed close partnerships with LASCO Distributors Limited, an affiliated LASCO company in Jamaica as well as with the selected distributors in

the Caribbean, Central and South America, Canada, the USA, the UK and the Middle East. The export division formed in 1996 started out by exporting LASCO food drink to the Caribbean islands. As the range grew so did the number of products being offered in addition to the number of markets.

The local distributorship has facilitated the development of our brand and its distribution to every corner of the country; while the export distributors are expanding the brand’s reach within and beyond the Caribbean Diaspora.

LASCO Manufacturing Limited has also distinguished itself in its dedication to the development of Jamaica and the region through educational and social programmes and the delivery of assistance to the less fortunate. The Company has spearheaded and supported a wide range of community development activities including its Ambassadorial Programmes. These programmes were initiated to recognise outstanding Jamaicans such as teachers and nurses.

LASCO Manufacturing Limited is very proud of being the main sponsor for Teacher of the Year (TOY); Principal of the Year (PROY) and Nurse of the Year (NOY). We also support our young generation through ‘Schools’ Challenge Quiz’ and more recently ‘Rising Stars’, a televised talent contest which encourages the creativity and artistic development of Jamaica’s younger generation.

Since its inception the LASCO Brand has been synonymous with affordability and value for the consumer and is now a household name in Jamaica.

Nutrition
Never
Tasted
So Good

LASCO

FOOD DRINK

LASCO

SOY FOOD DRINK
BEBIDA ALIMENTICIA de SOYA

STRAWBERRY FRESA

ARTIFICIAL FLAVORING

Great Nutrition for
Health & Strength.
Nutritivo para la salud.
Te fortalece.

**Good.
Healthy.
Fun!**

CALCIUM
25% of
Daily Value

Vitamin A
15% of
Daily Value

- Excellent Source of Protein, Calcium, Iron, Vitamins A & C
- Promotes healthy growth
- Builds strong bones & teeth
- Protects the immune system
- Provides energy
- Taste great and is perfect for the entire family!



Core Values

LASCO Manufacturing Limited is known for its integrity and ethics. We are committed to our customers, our staff and our shareholders. We believe in respect and consideration to our employees and the consumers in the markets we serve.

Our core values have been established by our Chairman and Founder, Hon. Lascelles Chin and support the basis for the management and the execution of the Company's strategy.

Business Strategy

In October 12, 2010 the Company was listed on the Jamaican Stock Exchange Junior Market. This marked a milestone for LASCO Manufacturing, offering new opportunities for expansion.

The funding obtained from the IPO was utilised to pay all long-term debts thus allowing us to commence the plans for the expansion earlier than we would have expected. The IPO also generated enough publicity to increase public awareness of our organisation.

LASCO Manufacturing's strategic approach has been to streamline the manufacturing process through constant improvements. This process has been geared to reduce waste and boost efficiencies while still maintaining our high quality standards. The Company's approach is to support and enhance our brand in Jamaica and to build, grow and sustain the LASCO brand in the Caribbean Diaspora.



"The success of a company lies in its people and LASCO Manufacturing's team is prepared to carry the Company from strength to strength, providing top-quality, affordable products whilst living up to our shareholders' expectations."



LASCO

READ-MILK
SKIM MILK POWDER

THE HEALTHIER
CHOICE

52% CALCIUM*

9g
PROTEIN
per serving



LESS THAN
0.5% FAT⁺

* based on recommended daily value
+ per serving



www.lascojamaica.com

The Export Division manages export sales of all LASCO branded products through appointed distributors in the Caribbean, Central and South America, Canada, the United Kingdom, the United States of America and the Middle East.

This division has experienced steady growth since its inception. We currently export to 20 countries and we are now preparing to penetrate new regions.

The LASCO brand has become a mainstay on the supermarket shelves in the Cayman Islands, St. Vincent & The Grenadines, Barbados, Trinidad, Grenada and Belize. Our teamwork with the distributors has enabled us to cultivate our markets and to maintain a steady growth in sales. As well as the emphasis on increased sales, we also focus heavily on brand building and customer satisfaction.

In the financial year 2010-2011 we entered three new markets: Turks and Caicos, Guyana and St. Martin. We also introduced two new products which have been well-received overseas: LASCO Water Crackers and 'Curves' sanitary napkins. Meanwhile in the United States and Canada, the Jamaican Diaspora community has honoured us with their continued loyalty to our products and we constantly strive to reinforce our brand as the truly and uniquely Jamaican product it is.

Operating Environment

Our goal is to build a company ably equipped to overcome any operational and economic challenges that may arise.



Display of CURVES and LASCO Everdry Diapers on shelves at a store in St. Vincent



Display of LASCO Food Drink, Oats Porridge and LaSoy Lactose Free on shelves at a retail outlet in Trinidad.



Display of LASCO Jack Mackerel on shelves at a retail outlet in the Cayman Islands.

The global financial crisis has seen the downfall of several major financial institutions together with manufacturers and other businesses. These failures were on a scale to threaten the financial system globally with the potential for serious economic and social repercussions in many countries, including our own. It is expected that the downturn in the global economy will continue to affect the world for many years to come.

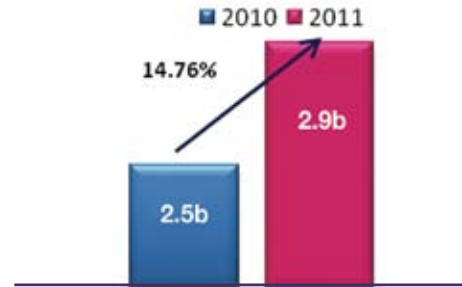
Jamaica's economic growth faces many challenges such as a high crime rate, widespread unemployment and underemployment and a debt-to-GDP ratio of more than 120%.

In February 2010 the Government of Jamaica signed a \$1.27b, 27-month Standby Agreement with the International Monetary Fund to support the balance of payments. The government's difficult fiscal position has hindered spending on infrastructure and other social programmes such as fighting the ever growing crime problem which is hampering economic growth.

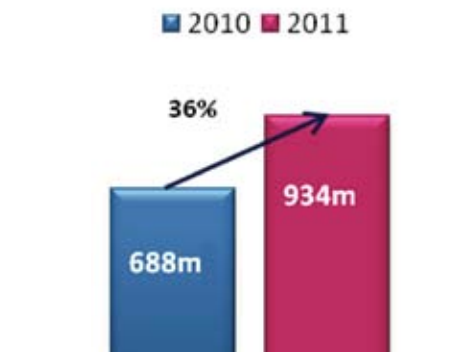
Although the government has an urgent need to balance the budget, short-term measures to increase revenue through increased taxes, will affect the long-term economic performance of the industry and by extension, the country. Recent negotiations between the Government of Jamaica, the Jamaica Manufacturers Association and the Private Sector Organisation of Jamaica indicate the Government's interest in the growth of the manufacturing sector. It is expected that the government will start implementing measures to encourage development of the industry.

"Our response to those factors and conditions has been to demonstrate outstanding agility as a business, agility which has allowed us to mitigate risk and maximise opportunity, and which has delivered a good financial performance."

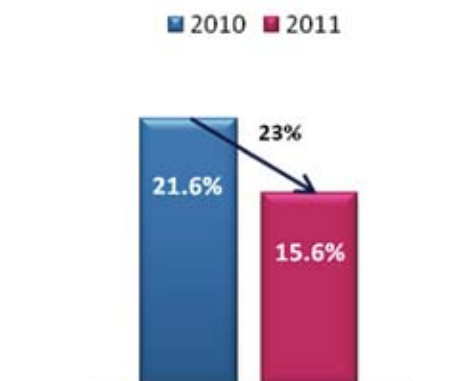
Total Revenue 2010 vs 2011



Gross Profit



Operating Expenses as % of Sales



Financial Performance

LASCO Manufacturing Limited (LML) consists of two divisions: Manufacturing and Export. For the purpose of the financial statements the Company uses a consolidated approach.

Despite the sluggish economy, our products continued having high demand locally and overseas. The turnover for the year ending March 31, 2011 increased by 14.76% from \$2.5b in 2010 to \$2.9b in 2011 as stated in note 6 of the Financial Statements. This indicates strong market demand in Jamaica as well as the export markets but more importantly, it demonstrates that we have positioned ourselves to capitalise on that demand.

Improved demand and management of our direct costs resulted in gross profit increase from \$688m in 2010 to \$934m in 2011, an improvement of 36% or \$246m for the year. The Company also experienced a 23% reduction in administrative, operating and other expenses during 2011. This was due to paying off the loans which reduced our interest expense, but more importantly, it was the result of significant team effort in reducing operational costs.

In October 2010 the Company repaid its entire portfolio of long term loans. This and the reduction of interest rates contributed to an overall reduction of the Company's finance cost. Our audited Financial Statements report that profit before taxation increased from \$197.1m in 2010 to \$517.8m in 2011. This is a measure of the skill with which our managers and staff have managed production volumes, product mix, pricing and unit costs.

Net profit increased from \$132m in 2010 to \$401m in 2011 for a 203% growth for the year due to increased sales and a general reduction of costs.

Financial Position

The Company's indirect expenses declined from \$560m in 2010 to \$464m in 2011. The decline was attributable for the most part to a reduction in finance cost of \$58m or 61% over the previous year.

In October 2010 loans were repaid with the proceeds from the IPO, resulting in a decline in interest expense. Other cost saving initiatives accounted for the remaining reduction of \$37m.

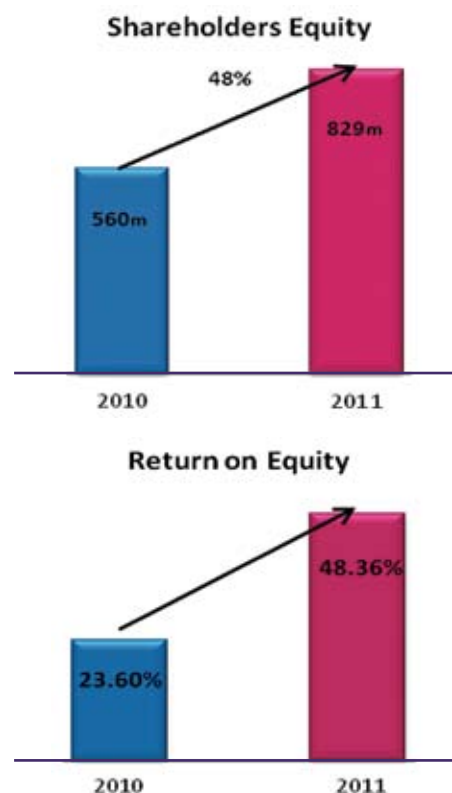
Improved management of the Company's cash resources has seen a rise in the current and quick ratio. Current ratio improved from 1.53 in 2010 to 2.31 in 2011, showing an improvement on the Company's ability to pay short term debts. Meanwhile, quick ratio

has moved from 1.28 in 2010 to 1.36 for 2011, which also indicates an improvement of the Company's liquidity.

Other Company ratios have also shown improvement on the Company's performance when compared with the previous year.

Return on sales has improved from 5.1% in 2010 to 13.5% for 2011. Similarly, the operating profit margin has risen from 7.6% in 2010 to 17.4% for 2011. Both ratios reflect the tremendous performance of the Company over the previous year.

These improvements on the Company's performance are a result of a team effort to leverage LML's assets, brand recognition, effective marketing and corporate social responsibility and the Company's financial strength.



Ratios	2010	2011
Return on Sales	5.11%	13.51%
Operating Profit Margin	7.62%	17.44%
Current Ratio	1.53	2.31
Quick Ratio	1.28	1.36
Debt to Equity Ratio	1.04	0.00
Earnings per share	0.41	1.04

Human Resource Development

LASCO recognises that the strongest asset of the organisation is its Human Resources. The Company's commitment to its employees is driven by promoting the Company's core philosophy and values: quality, professional competence, respect for the individual, teamwork, continuous improvement and innovation, superior customer service, workplace safety as well as social and environmental consciousness.

LASCO Manufacturing Limited's work environment is focused on respecting the personal dignity of its employees. The Company actively promotes the utilisation of the experience, skill and initiative of all employees to

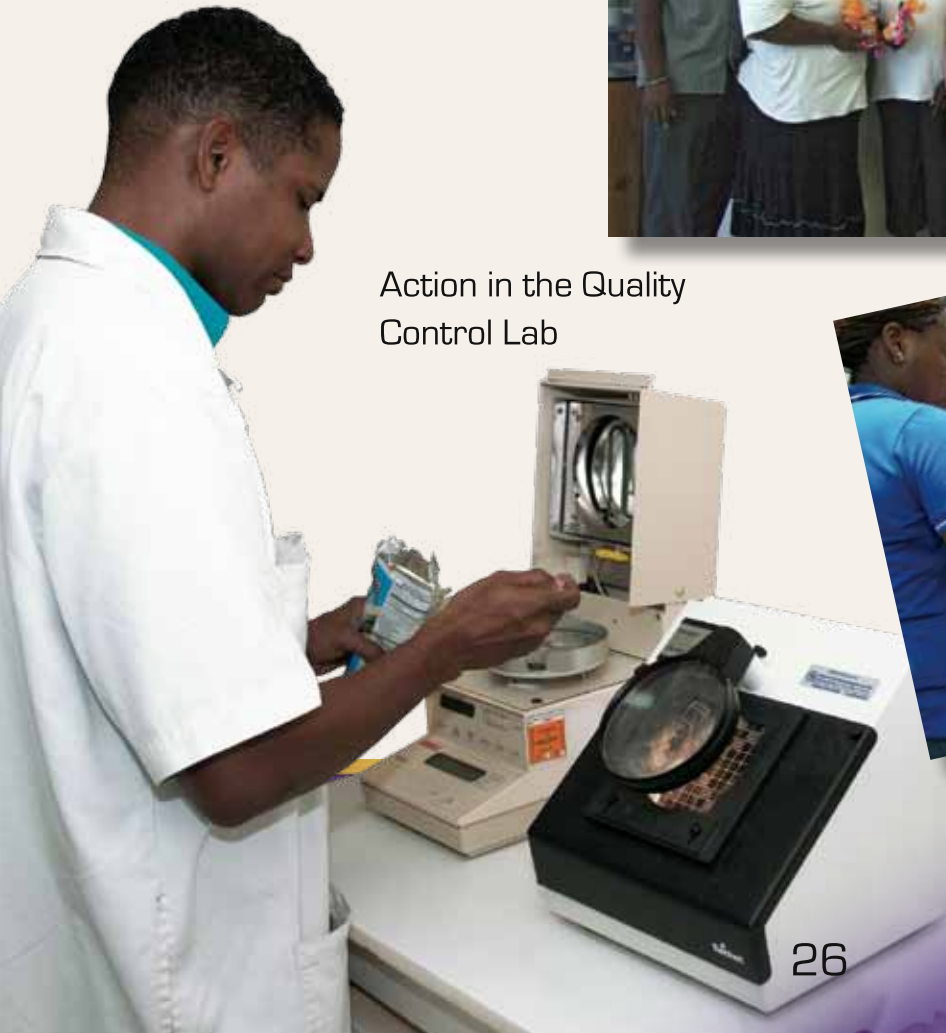
improve the operational and commercial success of the Company. Our workforce longevity and demonstrated loyalty says it all.

The leadership of LASCO Manufacturing Limited's strong workforce continues to be developed through the special 'LASCO Lab Unit', which offers in-depth and hands-on courses for management. We have recognised emerging leaders on our team who are now involved in in-house external and cross-functional projects. They are given international experience as LASCO strengthens its footing in the export market.

Family Fun Days



Action in the Quality Control Lab





Human Resource Development

The LASCO Manufacturing Team in action



Company Outlook

Some statements in the Management Discussion and Analysis section may contain forecasts, projections or opinions. No representation or warranty is made regarding the accuracy, completeness or reliability of the said projections or opinions, or the assumptions on which either is based. All such information is, by its nature, subject to significant uncertainties and risks outside of the control of the Company. To the maximum extent permitted by law, the Company and its officers do not accept any liability for any loss arising from the possible use of the information contained in this document.

The management team aims to continue the strategy of investing behind LML's brand, launching innovative new products and seeking to selectively expand our product portfolio as well as our presence in the international market. This will allow the Company to continue creating long term value for our shareholders. We will also maintain our focus on increasing operational efficiencies and developing our workforce to ensure continuity and growth.

The Company's main focus in the Export Division will be to strengthen partnerships with its distributors by developing brand awareness in all territories and utilising marketing strategies to further grow and enhance the brand while addressing the consumers' needs and wants. At the same time we will continue developing our sourcing capabilities to gain from economies of scale enabling us to offer the lowest possible prices to the consumer without compromising our profit margins and, by extension, shareholders' equity.

LASCO Manufacturing will continue working to achieve greater competence to hedge against continued price

increases in commodities and raw materials. We will also strive to improve our risk management and internal controls as well as documenting all policies and procedures. At the same time we will continue training our employees to fully understand and adhere to such policies and controls.

The expansion business plan has been developed based on our outlook for the markets we serve and we believe that this expansion will allow LASCO Manufacturing Limited and by extension, our affiliated company LASCO Distributors Limited, to increase brand equity and market share as we focus on becoming the household choice in Jamaica and indeed, all the markets we serve. The approved expansion plan will be executed during the 2011-2012 financial year.

The expansion plan will allow LASCO Manufacturing Limited to increase production capacity and continue improving workflow and efficiency while reducing operational costs. With a more stable exchange rate and lower bank interest rates we believe that, after the necessary funding is obtained and the expansion is completed, the Company will be able to increase our annual profitability by capturing new market segments through expansion of its products and building the brand.

During 2011 we will be restructuring several areas of the business to establish a configuration that can meet the requirements of the expansion as well as enabling the Company to achieve even greater efficiency. This will require the hiring and training of new employees.

Risk Management

Risk management is an integral part of LASCO Manufacturing Limited's approach to decision-making and accountability. Risk management comprises the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects within our operational environment. The aim is to assist employees to manage the risks involved in all organisational activities in order to maximise opportunities and minimise adverse consequences.

Risk management is an interactive process of continuous improvement which is embedded into existing business practices. The policy has the objective of liaising with internal and external stakeholders to establish the risk and its scope. The risk can then be analysed and the appropriate controls applied.

The Company manages risk to protect both the employees and its assets and will maintain a proactive, long-term wide risk management strategy. The Board of Directors' Audit and Compliance Committee is ultimately responsible for overseeing and setting the risk management framework as it seeks to minimize potential adverse effects on the Company's financial performance.

Credit Risk

The Company is exposed to credit risk. This is the risk of a customer defaulting on his/her obligations thereby causing a financial loss to the Company. Since LASCO Manufacturing effects most of its sales through credit this represents one of the most significant risks. The Company manages its credit risk by screening its customers, establishing strict credit limits and effecting rigorous and timely collection of receivables.

Currency Risk

Currency risk is the risk that a business operation will be affected due to changes in exchange rates. LASCO Manufacturing's export trading is conducted in US dollars. To minimize the risk of exposure the Company continuously monitors the currency position aiming to maximise and hold foreign currency earnings.

Operational Risk

The Company also manages operational, hazard and strategic planning risks to minimise direct or indirect loss which may originate from the Company's processes, personnel, technology and natural disasters.

Corporate Social Responsibility



LASCO Manufacturing Limited has distinguished itself as a corporate citizen in its dedication to the development of Jamaica, through educational and social programmes and the delivery of assistance to the less fortunate.

The Company has spearheaded and supported a wide range of community development activities including its Ambassadorial Programmes, which recognise outstanding Jamaicans who continue giving back to the country such as: teachers and nurses.

For the past 13 years LASCO Manufacturing has been the proud sponsor of the Ambassadorial Programme: "Teacher and Principal of the Year". Acknowledging and recognising our dedicated, disciplined and hard working teachers and principals who place so much effort in the education of our children. The programme's purpose is to encourage, develop and facilitate further training to the winners and participants as well as publicly acknowledging their efforts.

Ambassadorial Programmes

TEACHER OF THE YEAR

Year	Name	School
1997 - 1998	Helen Stills	Knox College
1998 - 1999	Evelyn Gyles	Shortwood Practising Primary & Jnr High
1999 - 2000	Bernal Neil	Hopewell Primary
2001-2002	Clover Thompson-Gordon	Tivoli High School
2005	Patricia Bigby	Balaclava High School
2006	Beverley Tulloch Danvers	Porus Primary
2007	Joan Davis Williams	Ardenne High
2008-2009	Jacqueline Simpson-Huntley	Ewarton High
2010 - 2011	Pherone Griffiths	Spring Gardens Primary & Infant

PRINCIPAL OF THE YEAR

Year	Name	School
2006	Sharon Reid	St. Andrew High School
2007	Oneil Ankle	Green Park Primary
2008 - 2009	Nadine Molloy	Buff Bay High
2010 - 2011	Pauleen Reid	Holland High

NURSE OF THE YEAR

Year	Name	Hospital
1999	Donna Bailey	Kingston Public Hospital
2000	Marjorie Ming	Kingston School of Nursing
2001	Sharon Brown-Brotherton	Critical Care, KPH
2002	Patsy Edwards-Henry	Maternal & Child - Victoria Jubilee Hospital (VJH)
2003	Shirley Hibbert	National Chest Hospital
2004	Carmen Johnson	St. Ann's Bay Hospital
2005	Denese McFarlane	Critical Care, KPH
2006	Dawn-Marie Richards	Annotto Bay Hospital
2007	Nadine Anderson-Lawrence	Maternal & Child - Victoria Jubilee Hospital
2008	Grace Smart-Simms	Bellevue Hospital
2009	Anthonette Patterson	Kingston Public Hospital
2010	Candice Thompson	Spanish Town Hospital





MINISTRY OF EDUCATION

Celebrate

Outstanding Teachers and Principals



Hon. Lascelles Chin, Executive Chairman, LASCO celebrates with LASCO/Ministry of Education Principal of the Year Pauleen Reid and Teacher of the Year Pherone Griffiths.



LASCO/Ministry of Education Teacher of the Year Pherone Griffiths of Spring Garden Primary shares a moment with first runner up Nicolette McDonnough-Foster of St. Aloysius Primary (right) and second runner up Carole Peters of Winston Jones High.



Minister of Education Hon. Andrew Holness greets LASCO Manufacturing Limited Board Member Prof. Rosalea Hamilton and Managing Director of LASCO Distributors Ltd., Anthony Chang.



LASCO/Ministry of Education Principal of the Year Pauleen Reid of Holland High celebrates her victory with first runner up Jasford Gabriel of Manchester High (right) and second runner up Albert Corcho of Tarrant High.



Education Minister Andrew Holness (centre) poses with LASCO/MoE Principal of the Year finalists Albert Corcho of Tarrant High, Jasford Gabriel of Manchester High, Mark Nicely of Hayes Primary & Junior High, Morris Edwards of Water Valley Primary, Pauleen Reid of Holland High and Alanzo T. Jones of Barracks Road Primary.

Corporate Social Responsibility



12 years ago our Chairman and CEO decided to recognise our hard working and exceptionally capable nurses. Their brilliance and dedication have been the backbone of Jamaica's health-care and saved many lives. This tribute to our nurses is simply our way of saying thank you.

Lasco Manufacturing also sponsors other programmes in support of Jamaica's younger generation such as 'Schools' Challenge Quiz' as well as sponsoring and supporting several schools.



Mr. Peter Chin, LASCO Marketing Manager, and Ms. Sherianne Thompson, LASCO Brand Representative, present \$120,000 to Kingston College Schools' Challenge Quiz team, who were the winners in the TVJ Schools' Challenge Quiz 2011. LASCO is a major sponsor of the event.



Mr. Peter Chin, LASCO Marketing Manager, Ms. Sherianne Thompson, LASCO Brand Representative, and Mr. Paul Darby, Financial Accountant celebrate with Titchfield High Schools' Challenge Quiz Team, after presenting them with the 2nd prize of \$80,000 in the 2011 finale of the competition.



Inspiring & Celebrating Nurses



Hon. Lascelles Chin, Executive Chairman, LASCO, presents the winning trophy to Candice Thompson, LASCO/ NAJ Nurse of the Year 2010/2011.



Candice Thompson (centre), LASCO/ NAJ Nurse of the Year celebrates with Laverna Campbell (left), 1st Runner Up and Jillian Mason-Cleary, 2nd Runner Up.



Edith Allwood-Anderson, NAJ President is all smiles as she presents a trophy named in her honour to NOY Candice Thompson.



Student nurses enjoy the NOY Awards: (L-R) Micaela Lunan, Student Nurse of the Year 2009/10, Yanique Cummings, Student Nurse of the Year, 2010/11, Stafford Rowe, 1st Runner Up Student Nurse of the Year 2010/11 and Chadene Humphrey 2nd Runner Up 2010/11.



Peter Chin, LASCO Marketing Manager hands over \$80,000 from LASCO to Laverna Campbell (left), 1st Runner Up NOY.



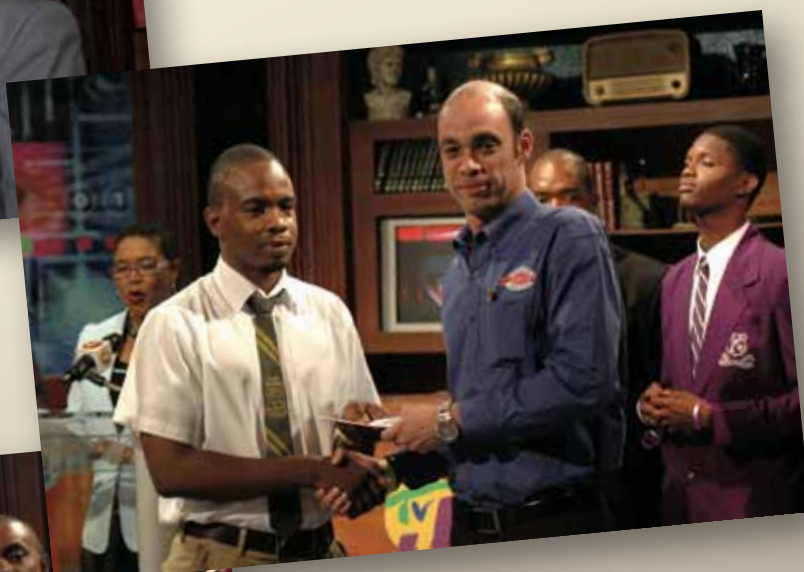
The LASCO and NAJ families share lens time with the new NOY (seated): (R-L) Peter Chin, LASCO Mkt Mgr, Halcyone BurkeGreen Williams, LASCO Product Rep., Edith Allwood Anderson, NAJ President, Hon. Lascelles Chin, LASCO Executive Chairman, Sherianne Thompson, LASCO Brand Rep., Anthonette Patterson, NOY 2009/10 and Renee Rose, LASCO Brand Rep.



(L-R) Betty-Ann Blaine, Children's Advocate & Keynote Speaker at the NOY Awards presents the Nursing School of the Year Award to Knox Community College School of

Nursing. Accepting on behalf of the School are: Stafford Rowe, 1st Runner Up Student NOY, a member of staff and Chadene Humphrey 2nd Runner Up Student NOY.

*P*ictorial of
Schools' Challenge Quiz Finals 2011 sponsored by
LASCO Manufacturing







(FORMERLY)

LASCO FOODS (SUCCESSORS) LIMITED

FINANCIAL STATEMENTS

31 MARCH 2011

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Chartered Accountants
26 Beechwood Avenue
P.O. Box 351
Kingston 5, Jamaica

INDEPENDENT AUDITORS' REPORT

To the Members of
Lasco Manufacturing Limited
(Formerly Lasco Foods (Successors) Limited)

Report on the Financial Statements

We have audited the financial statements of Lasco Manufacturing Limited (Formerly Lasco Foods (Successors) Limited) set out on pages 41 to 67, which comprise the statement of financial position as at 31 March 2011, and the statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Lasco Manufacturing Limited
(Formerly Lasco Foods (Successors) Limited)

Opinion

In our opinion, the financial statements give a true and fair view of the company's financial position as at 31 March 2011, and of its financial performance, changes in shareholders' equity and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the provisions of the Jamaican Companies Act.

Report on additional requirements of the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept and the financial statements are in agreement therewith, and give the information required by the Act, in the manner so required.

A handwritten signature in black ink that reads 'BDO' in a stylized, cursive font.

Chartered Accountants

30 May 2011


LASCO MANUFACTURING LIMITED
(FORMERLY)
LASCO FOODS (SUCCESSORS) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2011

	<u>Note</u>	<u>2011</u> <u>\$'000</u>	<u>2010</u> <u>\$'000</u>
TURNOVER	5	2,969,611	-
Income from Joint Venture	6	<u>-</u>	<u>172,020</u>
		2,969,611	172,020
COST OF SALES		<u>(2,035,110)</u>	<u>-</u>
GROSS PROFIT		934,501	172,020
Other operating income	7	<u>47,646</u>	<u>51,480</u>
		<u>982,147</u>	<u>223,500</u>
EXPENSES:			
Administrative and other expenses		(341,281)	(60,600)
Selling and promotion expenses		<u>(85,293)</u>	<u>-</u>
	8	<u>(426,574)</u>	<u>(60,600)</u>
PROFIT FROM OPERATIONS		555,573	162,900
Finance costs	9	<u>(37,701)</u>	<u>-</u>
PROFIT BEFORE TAXATION	10	517,872	162,900
Taxation	11	<u>(116,671)</u>	<u>(53,077)</u>
NET PROFIT FOR THE YEAR		401,201	109,823
Other comprehensive income -			
Gain on disposal of property, plant and equipment		<u>575</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>401,776</u>	<u>109,823</u>
Earnings per stock unit	12	<u>\$1.04</u>	<u>\$0.34</u>

LASCO MANUFACTURING LIMITED
(FORMERLY)
LASCO FOODS (SUCCESSORS) LIMITED
STATEMENT OF FINANCIAL POSITION
31 MARCH 2011

	<u>Note</u>	<u>2011</u> <u>\$'000</u>	<u>2010</u> <u>\$'000</u>
<u>ASSETS</u>			
NON-CURRENT ASSETS:			
Property, plant and equipment	13	<u>192,055</u>	<u>142,273</u>
CURRENT ASSETS:			
Inventories	14	486,615	156,873
Receivables	15	419,085	546,756
Related companies	16	10,493	-
Cash and cash equivalents	17	<u>229,300</u>	<u>277,588</u>
		<u>1,145,493</u>	<u>981,217</u>
		<u>1,337,548</u>	<u>1,123,490</u>
<u>EQUITY AND LIABILITIES</u>			
SHAREHOLDERS' EQUITY:			
Share capital	18	305,298	128,990
Capital reserve	19	924	924
Retained earnings		<u>524,024</u>	<u>122,248</u>
		<u>830,246</u>	<u>252,162</u>
NON-CURRENT LIABILITIES:			
Deferred tax liability	20	31,598	15,585
Long term liabilities	21	-	<u>214,163</u>
		<u>31,598</u>	<u>229,748</u>
CURRENT LIABILITIES:			
Payables	22	404,278	230,431
Bank overdraft	17	11,765	59,833
Directors' current account	16	-	263,746
Taxation		59,661	38,973
Current portion of long term liabilities	21	-	<u>48,597</u>
		<u>475,704</u>	<u>641,580</u>
		<u>1,337,548</u>	<u>1,123,490</u>

Approved for issue by the Board of Directors on 30 May 2011 and signed on its behalf by:


 Lascelles A Chin Director


 Eileen Chin Director

LASCO MANUFACTURING LIMITED
(FORMERLY)
LASCO FOODS (SUCCESSORS) LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
YEAR ENDED 31 MARCH 2011

	<u>Share Capital \$'000</u>	<u>Capital Reserve \$'000</u>	<u>Retained Earnings \$'000</u>	<u>Total \$'000</u>
Balance at 1 April 2009	128,990	924	12,425	142,339
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>109,823</u>	<u>109,823</u>
Balance at 31 March 2010	128,990	924	122,248	252,162
Issue of shares net of transaction cost	176,308	-	-	176,308
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>401,776</u>	<u>401,776</u>
Balance at 31 March 2011	<u>305,298</u>	<u>924</u>	<u>524,024</u>	<u>830,246</u>

LASCO MANUFACTURING LIMITED**(FORMERLY)****LASCO FOODS (SUCCESSORS) LIMITED****STATEMENT OF CASH FLOWS****YEAR ENDED 31 MARCH 2011**

	<u>2011</u> <u>\$'000</u>	<u>2010</u> <u>\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit	401,201	109,823
Adjustments for:		
Effects of exchange rate translation	1,087	3,131
Interest income	(20,567)	(30,722)
Taxation expense	100,658	56,676
Interest expense	37,701	-
Deferred taxation	16,013	(3,599)
Depreciation	<u>47,921</u>	<u>46,224</u>
Operating cash flows before movements in working capital	584,014	181,533
Changes in operating assets and liabilities:		
Inventories	(329,742)	(77,047)
Receivables	126,971	(63,210)
Related companies	(10,493)	(124,962)
Payables	173,847	(106,107)
Director's current account	<u>(263,746)</u>	<u>282,223</u>
	280,851	92,430
Taxation paid	<u>(79,970)</u>	<u>(29,275)</u>
Net cash provided by operating activities	<u>200,881</u>	<u>63,155</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	20,180	25,701
Purchase of property, plant and equipment	(97,703)	(4,582)
Proceeds from disposal of property, plant and equipment	575	-
Net cash (used in)/provided by investing activities	<u>(76,948)</u>	<u>21,119</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issue of shares net of expenses	176,308	-
Interest paid	(37,701)	-
Loan repayments	<u>(262,760)</u>	<u>(50,818)</u>
Net cash used in financing activities	<u>(124,153)</u>	<u>(50,818)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(220)	33,456
Cash and cash equivalents at beginning of year	217,755	183,960
Effect of exchange rate translation on cash and cash equivalents	-	<u>339</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 17)	<u>217,535</u>	<u>217,755</u>

LASCO MANUFACTURING LIMITED

(FORMERLY)

LASCO FOODS (SUCCESSORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2011

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

- (a) Lasco Manufacturing Limited (Formerly Lasco Foods (Successors) Limited) is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is 27 Red Hills Road, Kingston 10 and it currently operates from leased premises at 38½ Red Hills Road, Kingston 10.
- (b) The principal activities of the company are the manufacturing of soy based products and packaging of milk based products. Distribution of these products is done in the local and export markets.
- (c) The company's shares were listed on the Junior Market of the Jamaica Stock Exchange on 12 October 2010.

2. REPORTING CURRENCY:

These financial statements are presented using Jamaican dollars which is considered the currency of the primary economic environment in which the company operates ("the functional currency").

3. SIGNIFICANT ACCOUNTING POLICIES:

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented. Where necessary, prior year comparatives have been restated and reclassified to conform to current year presentation.

(a) Basis of preparation -

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board, and have been prepared under the historical cost convention. They are also prepared in accordance with provisions of the Jamaican Companies Act.

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

LASCO MANUFACTURING LIMITED
(FORMERLY)
LASCO FOODS (SUCCESSORS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd) -

(i) Allowance for impairment losses on receivables

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

(ii) Net realizable value of inventories

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

(iii) Income taxes

Estimates are required in determining the provision for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain. The company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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

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

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd) -

(v) Fair value of financial assets

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

Standards, interpretations and amendments to published standards effective in the reporting period.

During the reporting period, new standards, interpretations and amendments were applied for the first time from 1 April 2010. None of these had a material effect on the financial statements but have given rise to revised or additional disclosures.

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

At the date of authorization of these financial statements, there were certain new standards, amendments and interpretations to existing standards which were in issue but which were not yet effective. Those which are considered relevant to the company are as follows:

IFRS 9	Financial Instruments (effective 1 January 2013), introduces new requirements for classifying and measuring financial assets. The standard also amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments designated as fair value through other comprehensive income.
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IAS 1 (Amended)	Presentation of Financial Statements - IAS 1 (effective 1 January 2011), is amended to state that for each component of equity a reconciliation from opening to closing balances is required to be presented in the statement of changes in equity, showing separately changes arising from items recognized in profit or loss, in other comprehensive income and from transactions with owners acting in their capacity as owners.
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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd) -

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

IAS 24 (Revised) Related Party Disclosures (effective 1 January 2011), introduces changes to the related party disclosure requirements for government related entities and amends the definition of a related party. The standard also expands the list of transactions that require disclosure.

IAS 34 (Amended) Interim Financial Reporting (effective 1 January 2011), has resulted in the addition of a number of examples of events or transactions that require disclosure.

The directors anticipate that the adoption of the standards, amendments and interpretations, which are relevant in future periods, is unlikely to have any material impact on the financial statements.

(b) Segment reporting -

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

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

(c) Foreign currency translation -

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

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

(d) Revenue recognition

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

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

(e) Property, plant and equipment -

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

Depreciation is calculated on the straight-line basis at annual rates estimated to write off the carrying value of the assets over the period of their estimated useful lives. Annual rates are as follows:

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

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

Gains and losses on disposal are determined by comparing proceeds with carrying amounts and are included in operating profit.

(f) Inventories -

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

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

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(f) Inventories (cont'd) -

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

Net realisable value is the estimate of the selling price in the ordinary course of business, less selling expenses.

(g) Financial instruments -

A financial instrument is any contract that gives rise to both a financial asset for one entity and a financial liability or equity of another entity. Financial instruments carried in the statement of financial position include cash and cash equivalents, receivables, payables and related party balances. The particular recognition methods adopted are disclosed in the respective policy statements associated with each item.

(h) Provisions -

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

(i) Impairment -

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

(j) Trade receivables -

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

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(k) Taxation -

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

(i) Current income taxes

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

(ii) Deferred income taxes

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

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

(l) Borrowings and borrowing costs -

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between proceeds and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings. Borrowing costs are recognized as expense in the period in which they are incurred.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(m) Cash and cash equivalents -

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank, in hand, deposits and short term highly liquid investments with original maturities of three months or less, net of bank overdraft.

(n) Trade and other payables -

Trade and other payables are stated at amortized cost.

(o) Employee benefits -

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

(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) Dividends -

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

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4. **FINANCIAL RISK MANAGEMENT:**

(a) Financial risk factors -

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

(i) Market risk -

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all instruments traded in the market. The company has no exposure to market risk as there are no traded securities.

Currency risk

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

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

	<u>2011</u> <u>\$'000</u>	<u>2010</u> <u>\$'000</u>
(US\$)		
Cash and cash equivalents	1,749	573
Accounts receivable	730	542
Payables	<u>(3,831)</u>	<u>(2,702)</u>
	<u>(1,352)</u>	<u>(1,587)</u>
	<u>2011</u> <u>\$'000</u>	<u>2010</u> <u>\$'000</u>
Payables (Euro)	<u>-</u>	<u>20</u>

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4. **FINANCIAL RISK MANAGEMENT:**

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

(i) Market risk (cont'd) -

Sensitivity analysis

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

	Increase/(decrease) in	
	<u>profit for the year</u>	
	<u>2011</u>	<u>2010</u>
	<u>\$'000</u>	<u>\$'000</u>
5% strengthening/weakening of the US\$ against the JA\$	<u>67</u>	<u>79</u>

The analysis assumes that all other variables, in particular interest rates, remain constant. It is performed on the same basis for 2010.

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

31 March 2010	89.52
31 March 2011	85.57

The company manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The company further manages this risk by maximising foreign currency earnings.

(ii) Credit risk -

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The company has significant concentrations of credit risk with related companies. The company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The company manages its credit risk by screening its customers, establishing credit limits and the rigorous follow-up of receivables and ensuring investments are low-risk or, are held with reputable financial institutions.

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4. **FINANCIAL RISK MANAGEMENT (CONT'D):**

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

(ii) Credit risk (cont'd) -

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

	<u>Carrying Amount</u>	
	<u>2011</u>	<u>2010</u>
	<u>\$'000</u>	<u>\$'000</u>
Cash and cash equivalents	229,300	277,588
Receivables	419,085	546,756
Due from related companies	<u>10,493</u>	<u>-</u>
	<u>658,878</u>	<u>824,344</u>

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

(iii) Interest rate risk -

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the company has no significant interest bearing assets or liabilities, the company's income and operating cash flows are substantially independent of changes in market interest rates. The company's interest rate risk arises from cash and cash equivalents and bank overdraft.

(iv) Liquidity risk -

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

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4. **FINANCIAL RISK MANAGEMENT (CONT'D):**

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

(iv) Liquidity risk (cont'd) -

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

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

	<u>Carrying</u>	<u>Contractual</u>	<u>6 Months</u>	<u>Over 12</u>
	<u>Amount</u>	<u>Cash Flows</u>	<u>or less</u>	<u>Months</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Long term loan	262,760	262,760	24,298	238,462
Payables	230,431	230,431	230,431	-
Bank overdraft	<u>59,833</u>	<u>59,833</u>	<u>59,833</u>	<u>-</u>
Total financial liabilities	<u>553,024</u>	<u>553,024</u>	<u>314,562</u>	<u>238,462</u>

(v) Cash flow risk -

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

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4. FINANCIAL RISK MANAGEMENT (CONT'D):

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

(vi) Operational risk -

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

(b) Capital management -

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

(c) Fair value estimation -

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

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

5. TURNOVER:

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

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6. AMALGAMATION:

A decision was taken to reorganise the Lasco companies as at 31 March 2010, in order to achieve efficiencies and synergies and thereby enhance financial performance. The agreement was ratified and confirmed by the Board of Directors of each of the companies in resolutions passed as of 13 August 2010 whereby the companies entered into an amalgamation agreement which served to combine their respective businesses such that Lasco Foods (Successors) Limited acquired the business of Lasco Foods Limited, comprising substantially all of its assets subject to any encumbrances, in consideration of substantially all of its liabilities, as a going concern.

On the 31 May 2010, the company's name was changed to Lasco Manufacturing Limited from Lasco Foods (Successors) Limited.

For comparative purposes only, the combined results of operations of Lasco Manufacturing Limited (Formerly Lasco Foods (Successors) Limited and Lasco Foods Limited) are as follows:

	<u>2011</u> <u>\$'000</u>	<u>2010</u> <u>\$'000</u>
Turnover	2,969,611	2,587,621
Cost of sales	<u>(2,035,110)</u>	<u>(1,899,286)</u>
Gross profit	934,501	688,335
Other income	<u>47,646</u>	<u>68,376</u>
	982,147	756,711
Administrative, selling and other expenses	<u>(426,574)</u>	<u>(559,530)</u>
Profit from operations	555,573	197,181
Finance costs	<u>(37,701)</u>	<u>-</u>
PROFIT BEFORE TAXATION	<u>517,872</u>	<u>197,181</u>

For the prior period, the income from Joint Venture represents the share of profit from Joint Venture operation as per Joint Venture agreement. The Joint Venture was discontinued after the amalgamation.

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7. OTHER OPERATING INCOME:

	<u>2011</u> <u>\$'000</u>	<u>2010</u> <u>\$'000</u>
Interest income	20,567	30,722
Management fees	<u>27,079</u>	<u>20,758</u>
	<u>47,646</u>	<u>51,480</u>

8. EXPENSES BY NATURE:

Total administrative, selling and other expenses:

	<u>2011</u> <u>\$'000</u>	<u>2010</u> <u>\$'000</u>
Directors' remuneration	27,845	11,200
Audit fees	3,993	3,176
Directors' fee	639	-
Staff costs (note 23)	106,890	-
Casual labour	47,859	-
Local travel, accommodation and motor vehicle expenses	10,342	-
Rates, taxes, telephone and electricity	22,238	-
Repairs and maintenance, cleaning and sanitation	15,402	-
Office, general, printing and stationery	2,419	-
Legal, professional, management and accounting	16,532	-
Donations and subscriptions	7,875	-
Advertising and promotion	60,390	-
Foreign travel and entertainment	8,645	-
Insurance	18,655	-
Security	11,880	-
Building and equipment rental	11,549	-
Bank charges	4,043	-
Foreign exchange loss	1,087	-
Bad debts	370	-
Depreciation	<u>47,921</u>	<u>46,224</u>
	<u>426,574</u>	<u>60,600</u>

The comparatives do not reflect the amalgamated position.

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9.	FINANCE COSTS:		
		<u>2011</u>	<u>2010</u>
		<u>\$'000</u>	<u>\$'000</u>
	Interest expense -		
	Loans	31,739	-
	Other	<u>5,962</u>	<u>-</u>
		<u>37,701</u>	<u>-</u>
10.	PROFIT BEFORE TAXATION:		
	Profit before taxation is stated after charging:		
		<u>2011</u>	<u>2010</u>
		<u>\$'000</u>	<u>\$'000</u>
	Directors' emoluments -		
	Fees	639	-
	Management remuneration	27,845	11,200
	Auditors' remuneration	3,200	3,175
	Bad debts	370	-
	Depreciation	<u>47,921</u>	<u>46,224</u>
11.	TAXATION:		
	(a) Taxation is based on the operating results for the year, adjusted for taxation purposes, and is made up as follows:		
		<u>2011</u>	<u>2010</u>
		<u>\$'000</u>	<u>\$'000</u>
	Current year income tax @ 33 1/3%	100,658	56,676
	Deferred taxation (note 20)	<u>16,013</u>	<u>(3,599)</u>
	Taxation charge in income statement	<u>116,671</u>	<u>53,077</u>

The comparatives do not reflect the amalgamated position.

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11. TAXATION (CONT'D):

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

	<u>2011</u> <u>\$'000</u>	<u>2010</u> <u>\$'000</u>
Profit before taxation	<u>517,872</u>	<u>162,900</u>
Taxation calculated at 33 1/3%	172,624	54,300
Adjusted for the effects of:		
Expenses not deducted for tax purposes	25,019	462
Interest receivable	(129)	(1,674)
Share of Joint Venture profit	-	60,928
Income from Joint Venture	-	(57,340)
Net effect of other charges and allowances	<u>6,911</u>	<u>(3,599)</u>
	204,425	53,077
Adjustment for the effect of tax remission:		
Current tax	(87,754)	-
Taxation charge in income statement	<u>116,671</u>	<u>53,077</u>

(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 5 to 10	50%

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

12. EARNINGS PER SHARE:

This is computed by dividing the profit for the year by the weighted average number of shares in issue for the year of 387,059,945 (2010 - 326,343,941). The weighted average number of shares for both years reflects the 2.53 split in the number of shares in issue up to 13 August 2010.

The comparatives do not reflect the amalgamated position.

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13. PROPERTY, PLANT AND EQUIPMENT:

	<u>Land & Building</u> \$'000	<u>Machinery & Equipment</u> \$'000	<u>Leasehold Improvement</u> \$'000	<u>Motor Vehicles</u> \$'000	<u>Furniture & Fixtures</u> \$'000	<u>Computer Equipment</u> \$'000	<u>Total</u> \$'000
At cost:							
1 April 2009	39,770	125,540	1,787	12,260	3,983	193,090	376,430
Additions	-	2,276	-	-	2,261	45	4,582
At 31 March 2010	39,770	127,816	1,787	12,260	6,244	193,135	381,012
Additions	83,998	1,532	-	11,765	65	343	97,703
Retirement/disposal	-	-	-	(1,171)	-	-	(1,171)
At 31 March 2011	<u>123,768</u>	<u>129,348</u>	<u>1,787</u>	<u>22,854</u>	<u>6,309</u>	<u>193,478</u>	<u>477,544</u>
Depreciation:							
1 April 2009	7,215	70,920	1,600	12,260	2,443	98,077	192,515
Charge for the year	869	8,598	87	-	345	36,325	46,224
At 31 March 2010	8,084	79,518	1,687	12,260	2,788	134,402	238,739
Charge for the year	1,405	8,894	66	1,211	384	35,961	47,921
Retirement/disposal	-	-	-	(1,171)	-	-	(1,171)
At 31 March 2011	<u>9,489</u>	<u>88,412</u>	<u>1,753</u>	<u>12,300</u>	<u>3,172</u>	<u>170,363</u>	<u>285,489</u>
Net Book Value:							
31 March 2011	<u>114,279</u>	<u>40,936</u>	<u>34</u>	<u>10,554</u>	<u>3,137</u>	<u>23,115</u>	<u>192,055</u>
31 March 2010	<u>31,686</u>	<u>48,298</u>	<u>100</u>	<u>-</u>	<u>3,456</u>	<u>58,733</u>	<u>142,273</u>

Land and building represents a fifty (50%) share in property held in trust by a related company. The property is located at White Marl in St. Catherine.

The comparatives do not reflect the amalgamated position.

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14.	INVENTORIES:	<u>2011</u> <u>\$'000</u>	<u>2010</u> <u>\$'000</u>
	Raw materials	254,154	63,664
	Finished goods	12,040	4,156
	Goods in transit	<u>220,421</u>	<u>89,053</u>
		<u>486,615</u>	<u>156,873</u>

15.	RECEIVABLES:	<u>2011</u> <u>\$'000</u>	<u>2010</u> <u>\$'000</u>
	Trade receivables	317,451	442,410
	Other receivables	<u>101,634</u>	<u>104,346</u>
		<u>419,085</u>	<u>546,756</u>

Included in trade receivables is an amount of \$62,815,564 (2010 - \$49,241,376) receivable in foreign currency.

The aging of trade receivables is as follows:

	<u>2011</u> <u>\$'000</u>	<u>2010</u> <u>\$'000</u>
0-30 days	226,293	191,061
31-60 days	62,873	173,893
61-90 days	6,063	52,897
90 days and over	<u>22,222</u>	<u>24,559</u>
	<u>317,451</u>	<u>442,410</u>

The comparatives do not reflect the amalgamated position.

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16. **RELATED PARTY TRANSACTIONS AND BALANCES:**

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions. The following transactions were carried out with related parties.

<u>Transactions</u>	<u>2011</u> <u>\$'000</u>	<u>2010</u> <u>\$'000</u>
Purchase of goods/foreign currency:		
Lasco Distributors Limited	48,510	42,353
Lasco Financial Services Limited	<u>1,568,460</u>	<u>1,098,416</u>
Sale of goods/services:		
Lasco Distributors Limited	<u>2,681,701</u>	<u>1,941,603</u>
Management fees - Lasco Distributors Limited	<u>27,079</u>	<u>20,758</u>
Key management compensation:		
Key management includes directors, (executive and non-executive) and senior managers -		
Salaries and other short-term employee benefits	35,081	18,734
Fees	<u>639</u>	<u>-</u>
<u>Year end balances</u>		
With related parties:		
Due from -		
Lasco Foods Limited	10,493	-
Lasco Distributors Limited (included in trade receivables)	<u>252,410</u>	<u>400,805</u>
Due to -		
Lasco Distributors Limited (included in payables)	5,535	3,960
Lasco Financial Services Limited (included in payables)	985	-
Lasco Properties Limited (included in payables)	<u>-</u>	<u>424</u>
With directors and other key management:		
Amount payable	<u>-</u>	<u>263,746</u>

There is a thirty (30) day repayment term of the amounts due to and from related parties. The balance due from Lasco Foods Limited was settled subsequent to the year end.

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17. CASH AND CASH EQUIVALENTS:

	<u>2011</u> <u>\$'000</u>	<u>2010</u> <u>\$'000</u>
Petty cash	20	20
Cash in hand	25	-
Certificates of deposit	106,809	226,155
Foreign currency savings accounts	34,231	25,687
FCIB US dollar current account	88,215	25,672
Cash receipt clearing account	-	18
Current accounts	-	36
	<u>229,300</u>	<u>277,588</u>
Bank overdraft	(11,765)	(59,833)
	<u>217,535</u>	<u>217,755</u>

Bank overdraft is secured by overdraft lending agreement signed for JMD \$55,000,000.

18. SHARE CAPITAL:

	<u>2011</u> <u>\$'000</u>	<u>2010</u> <u>\$'000</u>
Authorised - 442,750,000 (2010 - 130,000,000) Ordinary shares of no par value		
Stated capital, issued and fully paid - 128,989,700 Ordinary shares of no par value	-	128,990
408,713,017 Ordinary shares of no par value	326,745	-
Less: Transaction costs of share issue	(21,447)	-
	<u>305,298</u>	<u>128,990</u>

On 13 August 2010, the company unanimously passed the following resolutions as written resolutions of the company in accordance with Article 85 of the Articles of Incorporation of the company:

- (a) That each ordinary share in the capital be divided into 2.53 ordinary shares for shareholders on record at 13 August 2010.
- (b) That the authorised share capital of the company be increased by 45,000,000 to 175,000,000 ordinary shares.

On 12 October 2010, the company issued 81,585,985 new shares to the public and the shares were listed on the Junior Stock Market of the Jamaica Stock Exchange (see note 1).

The comparatives do not reflect the amalgamated position.

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19.	CAPITAL RESERVE:	<u>2011</u> <u>\$'000</u>	<u>2010</u> <u>\$'000</u>
	Gain on disposal of property, plant and equipment	<u>924</u>	<u>924</u>
20.	DEFERRED TAX LIABILITY:		
	Deferred income tax is calculated on all temporary differences under the liability method using a principal tax rate of 33 1/3%.		
	The movement on the deferred income tax account is as follows:		
		<u>2011</u> <u>\$'000</u>	<u>2010</u> <u>\$'000</u>
	Liability at beginning of year	15,585	19,184
	Charged/(credited) to income statement (note 11)	<u>16,013</u>	<u>(3,599)</u>
	Liability at end of year	<u>31,598</u>	<u>15,585</u>
	Deferred taxation represents accelerated tax depreciation.		
21.	LONG TERM LIABILITIES:	<u>2011</u> <u>\$'000</u>	<u>2010</u> <u>\$'000</u>
	FCIB (12.25% -23.92%)	-	262,760
	Less - current portion	<u>-</u>	<u>(48,597)</u>
		<u>-</u>	<u>214,163</u>

The comparatives do not reflect the amalgamated position.

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22. PAYABLES:

	<u>2011</u> <u>\$'000</u>	<u>2010</u> <u>\$'000</u>
Trade payables	310,335	170,168
Other payables and accruals	<u>93,943</u>	<u>60,263</u>
	<u>404,278</u>	<u>230,431</u>

Included in trade payables is an amount of J\$161,789,844 (2010- J\$113,271,053) payable in foreign currency. The directors are of the opinion that payables are fairly stated due to the short term maturity of these instruments.

23. STAFF COSTS:

	<u>2011</u> <u>\$'000</u>	<u>2010</u> <u>\$'000</u>
Salaries and related costs	85,275	-
Pension costs	1,979	-
Staff welfare	<u>8,675</u>	<u>-</u>
	95,929	-
Redundancy costs	<u>10,961</u>	<u>-</u>
	<u>106,890</u>	<u>-</u>

The average number of persons employed by the company during the year was thirty-two (32), (2010 - nil).

24. PENSION SCHEME:

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

The scheme is funded by the company's and employees' contributions. The company's contributions to the scheme are expensed and amounted to \$1,978,637 for the year.

25. CONTINGENT LIABILITIES:

The company's banker, First Caribbean International (Jamaica) Limited has issued guarantees in favour of third parties totalling J\$8,000,000 and US\$240,850 (2010 - J\$8,000,000).

The comparatives do not reflect the amalgamated position.



Proxy Form

I/We _____
of _____
being a Member/Members of the above-named Company, hereby appoint _____
_____ of _____
or failing him/her, _____
of _____
as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to
be held on the 25th day of October 2011 and at any adjournment thereof.

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

Signed this _____ day of _____ 2011

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
Jamaica, W.I.

