



**The Directors of**  
**LASCELLES, deMERCADO & CO. LIMITED**  
are pleased to report the unaudited consolidated  
results for the six months ended March 31, 2012 as  
follows:



# LASCELLES, deMERCADO & CO. LIMITED

HIGHLIGHTS FOR THE SIX MONTHS ENDED MARCH 31, 2012

The Directors of LASCELLES, deMERCADO & CO. LIMITED are pleased to report the unaudited consolidated results for the six months ended March 31, 2012.

## **Results for the Second Quarter Ended March 31, 2012**

The Group has achieved commendable results for the second quarter of the 2012 financial year in spite of the prevailing weak economic environment. In this quarter, operating revenue and net profit for the Group increased by 21% and 20% respectively, compared to the prior year. These results were fuelled by the Liquor, Rums, Wines & Sugar Segment and in particular by a substantial increase in sugar revenues and profits. Overall revenues for the Liquor, Rums, Wines & Sugar Segment increased by 34% and pre-tax profits by 117% compared to prior year. In addition to this, liquor sales quantities, both locally and internationally rebounded for the quarter. Wray & Nephew White Overproof Rum, the “Real Rum” continues to show improvement, highlighting the strength of the brand.

The General Insurance Segment reported a 15% increase in revenues and a 4% growth in pre-tax profits compared to prior year. Most of the increase emanated from new business and consequently growth in premium income.

The Transportation Services Segment which reported a 1% increase in revenues realised a significant loss in the quarter. The operating expenses include amounts in respect of cargo and ground handling fees to MBJ Airports Limited relating to previous periods. Negotiations are being concluded with MBJ Airports Limited on this matter; however there will be no further exceptional costs to be recognised.

The other segments of the Group are being adversely affected by the challenging economic conditions which continue to negatively impact pre-tax profits compared to the prior year.

## **Results for the Six Months Ended March 31, 2012**

Overall the strong second quarter performance has resulted in a turnaround in the Group’s results compared to the October to December 2011 quarter. For the six months ended March 2012, revenue and net profit have surpassed the prior year. Operating revenue of \$14,224m and net profit totaling \$1,589m show increases of 5% and 3% respectively, over the comparative period last year. Administrative, marketing and selling expenses continue to be rigorously controlled and monitored; accordingly a 3% increase over the prior year was recorded.

Shareholders' Equity increased by \$1,520m for the six-month period, reflecting the net profit for the period of \$1,589m as well as the decrease in the market value of investments, particularly equities quoted on the Jamaica Stock Exchange. During the period, the Group generated positive cash flows from operations of \$1,963m.

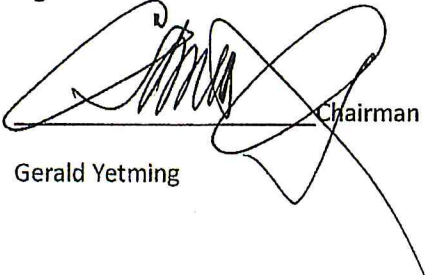
For the second half of this financial year, the Group intends to build on the gains achieved to date. Wray & Nephew has planned several activities surrounding the 50<sup>th</sup> anniversary of Jamaica's independence as well as the 2012 Olympic Games. These celebratory moments will present opportunities to showcase our brands and to increase business.

The normal supply of Ford and Subaru motor vehicles to the Automotive Division did not occur in the second quarter as expected. In the coming months supplies are expected slowly to return to normal as our suppliers seek to fill pending orders.

For the General Merchandise Division, the dry goods warehouse at the new facility in St. Ann became operational during February 2012. In the near future, this facility is expected to develop distribution efficiencies and to open new channels of business.

The Lascelles deMercado Group continues to enjoy a strong financial position and remains committed to growing long term value in our business in line with our strategic objectives.

Signed on behalf of the Board of Directors on May 10, 2012:

  
Chairman  
Gerald Yetming

  
Managing Director  
Fraser Thornton



**LASCELLES, deMERCADO & CO. LIMITED**  
 Consolidated Statement of Financial Position  
 March 31, 2012

	Unaudited 31/3/2012 \$000s	Unaudited 31/3/2011 \$000s	Audited 30/9/2011 \$000s
<b>Assets</b>			
Property, plant & equipment	4,283,189	3,641,690	4,155,491
Intangible assets	104,481	104,481	104,481
Investments	7,371,054	9,145,080	8,253,475
Interest in associated companies	18,458	17,095	18,458
Deferred tax assets	53,155	98,706	54,926
Employee benefits assets	2,433,100	2,414,700	2,433,100
<b>Total non-current assets</b>	<b>14,263,437</b>	<b>15,421,752</b>	<b>15,019,931</b>
Inventories	8,669,114	8,770,997	9,163,513
Biological assets	314,160	157,124	372,534
Reinsurance assets	1,164,953	944,241	1,025,176
Taxation recoverable	486,844	404,022	430,948
Accounts receivable	5,770,683	4,905,342	4,744,414
Short-term investments	814,515	1,509,730	482,231
Cash and cash equivalents	7,847,604	6,894,631	5,654,909
<b>Total current assets</b>	<b>25,067,873</b>	<b>23,586,087</b>	<b>21,873,725</b>
<b>Total assets</b>	<b>39,331,310</b>	<b>39,007,839</b>	<b>36,893,656</b>
<b>Equity</b>			
Share capital	20,400	20,400	20,400
Reserves	11,260,835	10,845,925	11,330,328
Retained earnings	18,216,540	19,023,185	16,627,203
<b>Total equity attributable to equity holders of the company</b>	<b>29,497,775</b>	<b>29,889,510</b>	<b>27,977,931</b>
<b>Liabilities</b>			
Long-term liabilities	54,245	96,077	80,114
Deferred tax liabilities	827,690	814,200	813,904
Employee benefits obligations	625,700	564,500	625,500
<b>Total non-current liabilities</b>	<b>1,507,635</b>	<b>1,474,777</b>	<b>1,519,518</b>
Bank loans and overdrafts	272,255	150,040	233,918
Other unsecured loans	-	458,364	-
Current maturities of long-term liabilities	37,612	31,314	31,350
Accounts payable	4,615,222	3,820,171	3,865,493
Insurance contracts provisions	3,018,537	2,947,025	2,935,081
Taxation payable	382,274	236,638	330,365
<b>Total current liabilities</b>	<b>8,325,900</b>	<b>7,643,552</b>	<b>7,396,207</b>
<b>Total liabilities</b>	<b>9,833,535</b>	<b>9,118,329</b>	<b>8,915,725</b>
<b>Total equity and liabilities</b>	<b>39,331,310</b>	<b>39,007,839</b>	<b>36,893,656</b>

Approved for release to the Jamaica Stock Exchange by the Board of Directors on May 10, 2012 and signed on its behalf by:

  
 Chairman  
 Gerald Yetming

  
 Managing Director  
 Fraser Thornton

**LASCELLES, deMERCADO & CO. LIMITED**  
Consolidated Statement of Changes in Equity  
March 31, 2012

	Share capital	Capital reserve	Unappropriated profits	Total
	\$000s	\$000s	\$000s	\$000s
Balance at September 30, 2011 (audited)	20,400	11,330,328	16,627,203	27,977,931
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	1,589,418	1,589,418
Other comprehensive income	-	(69,493)	-	(69,493)
Total comprehensive income for the period	-	(69,493)	1,589,418	1,519,925
<b>Transactions with owners, recorded directly in equity</b>				
Distributions to owners being dividends to equity holders	-	-	(81)	(81)
Total transactions with owners	-	-	(81)	(81)
<b>At March 31, 2012 (unaudited)</b>	<u>20,400</u>	<u>11,260,835</u>	<u>18,216,540</u>	<u>29,497,775</u>
Balances at September 30, 2010 (audited)	20,400	9,969,563	18,549,566	28,539,529
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	1,542,772	1,542,772
Other comprehensive income	-	876,362	(13,072)	863,290
Total comprehensive income for the period	-	876,362	1,529,700	2,406,062
<b>Transactions with owners, recorded directly in equity</b>				
Distributions to owners being dividends to equity holders	-	-	(1,056,081)	(1,056,081)
Total transactions with owners	-	-	(1,056,081)	(1,056,081)
<b>At March 31, 2011 (unaudited)</b>	<u>20,400</u>	<u>10,845,925</u>	<u>19,023,185</u>	<u>29,889,510</u>
Balances at September 30, 2010 (audited)	20,400	9,969,563	18,549,566	28,539,529
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	2,362,109	2,362,109
Other comprehensive income	-	1,127,655	-	1,127,655
Total comprehensive income for the period	-	1,127,655	2,362,109	3,489,764
Transfers, net	-	233,110	(233,110)	-
Dividends and distributions paid to stockholders	-	-	(4,051,362)	(4,051,362)
	-	233,110	(4,284,472)	(4,051,362)
<b>At September 30, 2011 (audited)</b>	<u>20,400</u>	<u>11,330,328</u>	<u>16,627,203</u>	<u>27,977,931</u>

LASCELLES, deMERCADO & CO. LIMITED  
Consolidated Statement of Comprehensive Income  
Six Months Ended March 31, 2012

	Unaudited Six Months Ended		Unaudited Three Months Ended		Audited Year Ended
	31/3/2012	31/3/2011	31/3/2012	31/3/2011	30/9/2011
	\$000s	\$000s	\$000s	\$000s	\$000s
Operating revenue	14,223,949	13,592,644	7,763,201	6,441,956	26,991,376
Cost of operating revenue	7,909,900	7,639,903	4,251,048	3,457,035	15,224,537
Gross profit	6,314,049	5,952,741	3,512,153	2,984,921	11,766,839
Administrative, marketing and selling expenses	4,467,874	4,345,381	2,495,617	2,308,745	9,263,801
Operating profit	1,846,175	1,607,360	1,016,536	676,176	2,503,038
Other income	149,910	116,875	126,236	86,918	328,350
Profit before net finance income and taxation	1,996,085	1,724,235	1,142,772	763,094	2,831,388
Finance cost	(31,860)	(44,593)	(18,556)	(2,689)	(112,602)
Finance income	127,115	205,466	83,694	121,087	323,788
Net finance income	95,255	160,873	65,138	118,398	211,186
Profit before taxation	2,091,340	1,885,108	1,207,910	881,492	3,042,574
Taxation	(501,922)	(342,336)	(341,491)	(160,080)	(680,465)
Net profit for the period attributable to members	1,589,418	1,542,772	866,419	721,412	2,362,109
Other comprehensive income					
Translation adjustment arising on consolidation of foreign subsidiaries	42,327	(14,464)	32,235	2,268	(16,164)
Appreciation in fair value of investments	(79,263)	879,555	95,197	619,734	1,139,755
Impairment loss transferred to profit or loss	-	-	0	0	8,414
Fair value profit released on sale of investments	(32,557)	(1,801)	(33,588)	(2,051)	(4,350)
Other comprehensive income for the period, net of income tax	(69,493)	863,290	93,844	619,951	1,127,655
Total comprehensive income for the period attributable to owners of the company	1,519,925	2,406,062	960,263	1,341,363	3,489,764
Earnings per ordinary stock unit	\$16.56	\$16.07	\$9.03	\$7.51	\$24.60
Total comprehensive income per ordinary stock unit	\$15.83	\$25.06	\$10.00	\$13.97	\$36.35

**LASCELLES, deMERCADO & CO. LIMITED**

## Consolidated Statement of Cash Flows

Six Months Ended March 31, 2012

	Unaudited 31/3/2012 \$000s	Unaudited 31/3/2011 \$000s	Audited 30/9/2011 \$000s
<b>Cash flows from operating activities:</b>			
Net profit for the period attributable to members	1,589,418	1,542,772	2,362,109
Items not affecting cash	698,353	411,156	857,234
	<u>2,287,771</u>	<u>1,953,928</u>	<u>3,219,343</u>
Decrease in non-cash working capital	(325,113)	(46,426)	(799,574)
<b>Net cash provided by operating activities</b>	<u>1,962,658</u>	<u>1,907,502</u>	<u>2,419,769</u>
<b>Net cash provided by investing activities</b>	211,384	351,004	1,984,711
<b>Net cash provided / (used) by financing activities</b>	<u>22,441</u>	<u>(7,288)</u>	<u>(415,029)</u>
<b>Net cash provided before dividend and distribution payments</b>	<u>2,196,483</u>	<u>2,251,218</u>	<u>3,989,451</u>
<b>Dividends and distributions paid</b>	<u>(81)</u>	<u>(1,056,081)</u>	<u>(4,051,362)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>2,196,402</u>	<u>1,195,137</u>	<u>(61,911)</u>
Net cash and cash equivalents at beginning of year	<u>5,637,541</u>	<u>5,699,452</u>	<u>5,699,452</u>
<b>Net cash and cash equivalents at end of period</b>	<u><u>7,833,943</u></u>	<u><u>6,894,589</u></u>	<u><u>5,637,541</u></u>
Comprised of:			
Cash and bank balances	5,628,780	3,793,088	3,485,540
Short-term deposits and monetary instruments	2,218,824	3,101,543	2,169,369
	<u>7,847,604</u>	<u>6,894,631</u>	<u>5,654,909</u>
Less: Bank overdrafts	<u>(13,661)</u>	<u>(42)</u>	<u>(17,368)</u>
	<u><u>7,833,943</u></u>	<u><u>6,894,589</u></u>	<u><u>5,637,541</u></u>



# LASCELLES, deMERCADO & CO. LIMITED

Notes to the Financial Statements  
March 31, 2012

## 1. General

The company is incorporated in Jamaica under the Companies Act and is domiciled in Jamaica. Its ordinary and preference stock units are listed on the Jamaica Stock Exchange. The registered office of the company is situated at 23 Dominica Drive, Kingston 5, Jamaica, West Indies. Effective July 28, 2008, pursuant to a public offer initiated in December 2007 by its fellow subsidiary, CL Spirits Limited (immediate holding company), a company incorporated in St. Lucia and a wholly owned subsidiary of CL Financial Limited (ultimate holding company), a company incorporated in Trinidad and Tobago, together with other subsidiaries of the ultimate holding company acquired, 86.89% of the ordinary stock units and 97.15% of the preference stock units aggregating 92.01% of the voting rights of the company. In July 2009, the Government of Trinidad and Tobago effectively assumed control and direction of the ultimate holding company.

The principal activities of the company are the provision of management services to its subsidiaries and the holding of investments. The company and its subsidiaries are collectively referred to as "group".

The activities of the group are organised into the following operating segments:

- (i) Liquor, rums, wines and sugar: This includes cane cultivation, sugar manufacturing, distillation, ageing, blending, bottling, distribution and export of alcohol, rums, wines and other liquor based products.
- (ii) General merchandise: This includes the manufacture, the wholesale and retail merchandising of provisions, household goods and the manufacture and distribution of pharmaceutical preparations and agricultural chemicals.
- (iii) General insurance: This comprises the underwriting of property, casualty and other general insurance risks and the holding of investments.
- (iv) Investments: This primarily comprises the holding of investments.
- (v) Transportation services: This includes aircraft handling, distribution of motor vehicles and spares, servicing and repair of motor vehicles.

Segment information is set out in note 6.

## 2. Statement of compliance and basis of preparation

### (a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board (IASB), and comply with the provisions of the Jamaican Companies Act.

These financial statements have been prepared using the same accounting policies and methods of computation as compared with the audited financial statements for the year ended September 30, 2011.



## **LASCELLES, deMERCADO & CO. LIMITED**

Notes to the Financial Statements (Continued)  
March 31, 2012

---

### **2. Statement of compliance and basis of preparation, cont'd.**

#### **(b) Basis of preparation**

The financial statements are presented in Jamaica dollars (\$), which is the functional currency of the company.

The financial statements are prepared using the historical cost basis, modified for the inclusion of available-for-sale investments at fair value.

The accounting policies have been applied consistently by group entities. Where necessary, prior year comparatives have been restated and reclassified to conform to current presentation.

The preparation of the financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and contingent liabilities at the balance sheet date, and the income and expense for the period then ended. Actual amounts could differ from these estimates.

The consolidated financial statements comprise the financial results of the company and its subsidiaries prepared to March 31, 2012 and include the group's share in associates, of the total recognised gains and losses on an equity accumulated basis.

### **3. Revenue recognition**

Revenue from the sale of goods is recognised in the profit or loss of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or material associated costs on the possible return of goods.

Revenue relating to the current crop of cane is estimated based on the latest available prices and any differences arising on final settlement are consistently accounted for in subsequent periods.

Premium and commission income is recognised over the period of insurance policies written. Unearned premiums and commissions are calculated on the twenty-fourths method in accordance with industry practice.

Interest and other investment income are recognized on the accrual basis on the effective interest rate basis, except when collectibility is considered doubtful.

Dividend income is recognized in the income statement on the date of declaration.

### **4. Other Income**

Other Income is comprised mainly of gains and losses on disposal of investments and fixed assets. It also includes rental and other miscellaneous income.

### **5. Net Finance Income**

This is comprised of interest income, interest expense, bank charges and net gains on foreign exchange.

**LASCELLES, deMERCADO & CO. LIMITED**

 Notes to the Financial Statements (Continued)  
 March 31, 2012

**6. Segment financial information**

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

Reportable segments:

	March 31, 2012						Total \$'000
	Liquors, Rums <u>Wines and Sugar</u> \$'000	General <u>Merchandise</u> \$'000	General <u>Insurance</u> \$'000	<u>Investments</u> \$'000	Transportation <u>Services</u> \$'000	<u>Eliminations</u> \$'000	
<b>Revenue</b>							
External	9,700,773	2,193,921	1,270,379	205,295	853,581		
Inter segment	-	33,519	253,219	-	17,943		
Total revenue	<u>9,700,773</u>	<u>2,227,440</u>	<u>1,523,598</u>	<u>205,295</u>	<u>871,524</u>	(304,681)	<u>14,223,949</u>
<b>Segment results</b>	<u>1,536,555</u>	<u>85,536</u>	<u>461,199</u>	<u>92,483</u>	<u>(84,433)</u>		<u>2,091,340</u>
<b>Segment assets</b>	<u>17,773,348</u>	<u>3,182,855</u>	<u>6,445,396</u>	<u>10,242,706</u>	<u>1,128,550</u>		<u>38,772,855</u>
Unallocated assets							<u>558,455</u>
							<u>39,331,310</u>
<b>Segment liabilities</b>	<u>4,011,602</u>	<u>474,916</u>	<u>3,407,860</u>	<u>79,603</u>	<u>648,779</u>		<u>8,622,760</u>
Unallocated liabilities							<u>1,210,775</u>
							<u>9,833,535</u>
<b>Other segment items:</b>							
Additions to property, plant and equipment	<u>378,739</u>	<u>119,025</u>	<u>117</u>	<u>4,231</u>	<u>24,268</u>		<u>526,380</u>
Depreciation, amortisation and impairment	<u>182,094</u>	<u>23,958</u>	<u>13,133</u>	<u>682</u>	<u>22,727</u>		<u>242,594</u>
Other non-cash items	<u>305,100</u>	<u>81,278</u>	<u>129,971</u>	<u>(62,251)</u>	<u>1,661</u>		<u>455,759</u>

**LASCELLES, deMERCADO & CO. LIMITED**

Notes to the Financial Statements (Continued)  
 March 31, 2012

**6. Segment financial information, cont'd.**

Reportable segments:

	March 31, 2011						Total \$'000
	Liquors, Rums Wines and Sugar \$'000	General Merchandise \$'000	General Insurance \$'000	Investments \$'000	Transportation Services \$'000	Eliminations \$'000	
<b>Revenue</b>							
External	8,812,947	2,432,493	1,164,659	262,962	919,583		
Inter segment	-	22,196	148,578	-	30,969		
Total revenue	<u>8,812,947</u>	<u>2,454,689</u>	<u>1,313,237</u>	<u>262,962</u>	<u>950,552</u>	(201,743)	<u>13,592,644</u>
<b>Segment results</b>	<u>1,089,013</u>	<u>207,891</u>	<u>274,789</u>	<u>275,764</u>	<u>37,651</u>		<u>1,885,108</u>
<b>Segment assets</b>	<u>16,181,316</u>	<u>2,131,609</u>	<u>6,155,374</u>	<u>12,992,260</u>	<u>1,027,457</u>		<u>38,488,016</u>
Unallocated assets							<u>519,823</u>
							<u>39,007,839</u>
<b>Segment liabilities</b>	<u>3,393,409</u>	<u>271,016</u>	<u>3,263,844</u>	<u>470,868</u>	<u>667,543</u>		<u>8,066,680</u>
Unallocated liabilities							<u>1,051,649</u>
							<u>9,118,329</u>
<b>Other segment items:</b>							
Additions to property, plant and equipment	<u>196,778</u>	<u>27,815</u>	<u>26,506</u>	-	<u>32,792</u>		<u>283,891</u>
Depreciation and amortisation	<u>198,094</u>	<u>21,114</u>	<u>6,712</u>	21	<u>21,092</u>		<u>247,033</u>
Other non-cash items	<u>191,147</u>	<u>39,780</u>	<u>80,300</u>	<u>(144,453)</u>	<u>(2,651)</u>		<u>164,123</u>



**STOCKHOLDINGS OF DIRECTORS AND OFFICERS AND THEIR CONNECTED PERSONS  
OF LASCELLES, deMERCADO & CO. LIMITED AT MARCH 31, 2012**

<b>Directors (together with their connected persons, where applicable)</b>	<b>Number of Ordinary Stock Units held</b>
Mr. G. Yetming	Nil
Mr. F. Thornton	Nil
Mr. S. Castagne	Nil
Mr. M. Holder	Nil
Mr. A. R. Mitchell	Nil
Mr. R. Downer	Nil
Mr. M. Bernard	Nil
Mr. C. George	Nil
Mr. R. Ramchand	Nil
Mr. D. P. O. McBean	6,921
 <b>Officers (together with their connected persons, where applicable)</b>	
Mr. M. A. Braham	Nil
Mrs. J. E. Shaw	Nil
Mrs. J. George	Nil
Miss M. J. Williams	Nil

**STOCKHOLDERS HOLDING THE TEN LARGEST BLOCKS OF ORDINARY STOCK UNITS**

<b>STOCKHOLDERS</b>	<b>Number of Ordinary Stock Units Held</b>
CL Spirits Limited	68,620,190
Calla Lilly Holdings Limited	9,515,980
Angostura Limited	2,845,074
Colonial Life Insurance (Trinidad) Limited	2,494,310
NCB Insurance Co. Ltd. A/c WT109	1,457,287
FCIB (Barbados) Limited A/c C1191	1,355,824
NCB Insurance Co. Ltd. A/c WT013	1,140,574
National Insurance Fund	1,099,429
NCB Insurance Co. Limited A/c WT089	640,165
NCB Insurance Co. Ltd. A/c WT157	332,205