



**THIRD QUARTER  
UNAUDITED FINANCIAL  
REPORT  
DECEMBER 2016**



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## **Report to the Shareholders**

### **NINE MONTHS ENDED DECEMBER 31, 2016**

The Board of Directors of LASCO Manufacturing Limited is pleased to present the third quarter unaudited results for the period ended 31 December 2016.

Total revenue for the nine months was \$5.4 billion, an increase of \$589 million or 12% over prior year's revenue of \$4.8 billion. Gross profit for the period rose from \$1.6 billion in 2015 to \$1.8 billion in 2016, an increase of \$232 million or 15%. Net profit generated was \$700 million a 4% decline when compared to \$729 million for the same period last year. Operating expenses rose by 32% over prior year from \$696 million to \$920 million. This is due in part to increases in the marketing spend and new product launch expenses.

The quarter saw a decline in revenue of \$275 million in 2016 compared to 2015 when revenue earned was \$1.7 billion. Gross profit fell by \$45 million or 8%. Operating expenses were \$335 million compared to \$220 million in prior year. Net profit for the quarter was \$113 million, a 51% decline over the same period last year when profit earned was \$232 million.

Already started and continuing for the next quarter, operating expenses are being reduced by rationalizing plant operations and procedures to align with the recent and current soft sales demand being experienced throughout the market.

During the quarter LASCO Manufacturing Limited introduced a new exciting innovation, Nutrify, a high protein meal replacement product. We also added the new eggnog flavor to the Ice Dream mix, and introduced the 2 liter iCool juice drink. We continue to focus on delivering shareholder's value through the existing product portfolio, whilst also looking to the future of new products to be introduced within the next quarter for additional business growth.

During this quarter, the company sponsored the Lasco/Ministry of Education Teacher and Principal of the Year Awards as we continue to be committed to the development of our country and the education of our children. On November 29, 2016 we crowned Teacher of the Year and Principal of the Year, Kerene Nelson and Keith Wellington both from St. Elizabeth Technical High School, a first in the history of the competition.

We thank all our customers, shareholders, team members and other stakeholders for their invaluable support and continued loyalty.

Yours sincerely,

**LASCO Manufacturing Limited**



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Robert Parkins, MBA, BSc. (Hons)

**LASCO Manufacturing Limited**  
**Statement of Comprehensive Income**  
For the nine months ended December 31, 2016  
*Unaudited and expressed in J\$'000*

	3 Months to Dec 31, 2016	3 Months to Dec 31, 2015	9 Months to Dec 31, 2016	9 Months to Dec 31, 2015
Revenue	1,463,893	1,739,202	5,416,459	4,827,629
Cost of Sales	<u>(960,842)</u>	<u>(1,191,567)</u>	<u>(3,589,806)</u>	<u>(3,232,603)</u>
<b>Gross Profit</b>	<b>503,051</b>	<b>547,635</b>	<b>1,826,653</b>	<b>1,595,026</b>
<b>Gross Margin %</b>	<b>34%</b>	<b>31%</b>	<b>34%</b>	<b>33%</b>
Other Operating Income / (Loss)	3,455	(8,631)	18,675	(8,331)
Operating Expenses	<u>(335,204)</u>	<u>(219,842)</u>	<u>(920,354)</u>	<u>(695,973)</u>
Profit from Operations	<b>171,302</b>	<b>319,162</b>	<b>924,974</b>	<b>890,722</b>
Finance Costs	<u>(41,956)</u>	<u>(52,711)</u>	<u>(126,481)</u>	<u>(127,193)</u>
<b>Profit before Taxation</b>	<b>129,346</b>	<b>266,451</b>	<b>798,493</b>	<b>763,529</b>
Taxation	<u>(16,169)</u>	<u>(34,734)</u>	<u>(98,243)</u>	<u>(34,794)</u>
<b>Total Comprehensive Income for the period</b>	<b><u>113,177</u></b>	<b><u>231,717</u></b>	<b><u>700,250</u></b>	<b><u>728,735</u></b>
<b>Number of Stock units in Issue</b>	4,087,130	4,087,130	4,087,130	4,087,130
<b>Earnings per Stock</b>	0.03	0.06	0.17	0.18

**LASCO Manufacturing Limited**  
**Statement of Financial Position**  
as at December 31, 2016

	<i>Dec-16</i>	<i>Dec-15</i>	<i>MAR-16</i>
	<i>UnAudited</i>	<i>UnAudited</i>	<i>Audited</i>
	<i>J\$'000</i>	<i>J\$'000</i>	<i>J\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, Plant & Equipment	3,783,080	3,100,844	3,400,848
Capital Work in Progress	686,635	401,534	119,042
<b>Total Non-Current Assets</b>	<b>4,469,715</b>	<b>3,502,378</b>	<b>3,519,890</b>
<b>CURRENT ASSETS</b>			
Inventories	909,567	688,015	806,009
Trade & Other Receivables	1,934,382	2,037,360	2,203,616
Taxation Recoverable			-
Directors Current Accounts			-
Short Term Investments	93,743	127,336	88,269
Cash and Bank Balances	71,977	245,028	237,956
	<b>3,009,669</b>	<b>3,097,739</b>	<b>3,335,850</b>
<b>CURRENT LIABILITIES</b>			
Trade Payables	964,272	631,399	769,800
Bank Overdraft	529,434	640,876	502,694
Current Portion of Long Term Loan	235,832	234,420	235,832
	<b>1,729,538</b>	<b>1,506,695</b>	<b>1,508,326</b>
<b>Net Current Assets</b>	<b>1,280,131</b>	<b>1,591,044</b>	<b>1,827,524</b>
	<b>5,749,846</b>	<b>5,093,422</b>	<b>5,347,414</b>
<b>Financed by:</b>			
Share Capital	305,298	305,298	305,298
Other Reserve	43,095	-	43,095
Retained Earnings	3,384,258	2,786,044	2,680,673
Current Earnings	700,252	728,735	826,198
	<b>4,432,903</b>	<b>3,820,077</b>	<b>3,855,264</b>
<b>Non-Current Liabilities</b>			
Long Term Loan	1,077,902	1,273,345	1,253,109
Deferred Taxation	239,041	-	239,041
	<b>5,749,846</b>	<b>5,093,422</b>	<b>5,347,414</b>

Approved for issue by the board of Directors on 27 January 2017 and signed on its behalf by:

Hon. Lascelles A. Chin, O.J., C.D., LLD (Hon. Causa)  
Executive Chairman

Robert Parkins, MBA, BSc.(Hons)  
Managing Director

## LML STATEMENT OF CASH FLOWS

For the year ended December 31, 2016

Unaudited and expressed in JS'000

<i>STATEMENT OF CASH FLOWS</i>	<i>YTD DEC-16 JS'000</i>	<i>YTD DEC-15 JS'000</i>
Cash Flows from Operating Activities		
Operating Activities		
Profit /(Loss) for the period	700,252	728,735
Depreciation	127,621	104,725
Interest Income		(1,242)
Interest Expense	126,481	127,193
Taxation Expense		34,794
Items not affecting cash	254,102	265,470
(Increase) /Decrease in Current Assets		
Inventories	(103,558)	71,406
Trade & Other Receivables	269,235	(509,565)
Due from Directors	-	-
Current portion of Long-term loans	-	-
Taxation Recoverable	-	-
Payables	194,470	(60,067)
Cash provided by operating activities	1,314,501	495,979
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest Received		
Short Term Investments	(5,474)	(127,336)
Acquisition of Property, Plant & Equipment	(1,077,444)	(510,608)
Cash used in Investing Activities	(1,082,918)	(637,944)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Interest Paid	(126,481)	(125,951)
Loan Repayment	(175,207)	(122,249)
Proceeds from Loan		328,629
Dividends Paid	(122,614)	(102,179)
Cash provided by /(used in) Financing Activities	(424,302)	(21,750)
Net Change in Cash and Cash Equivalents	(192,719)	(163,715)
Cash and cash equivalents at the beginning of the period	(264,738)	(232,133)
<b>Cash and cash equivalents at the end of the period</b>	<b>(457,457)</b>	<b>(395,848)</b>

**Comprised of:**

Cash and Bank balances	71,977	245,028
Bank Overdraft	(529,434)	(640,876)
	<u>(457,457)</u>	<u>(395,848)</u>

**LASCO Manufacturing Limited**

Statement of Changes in Shareholders' Equity  
For the nine months ended December 31, 2016  
*Unaudited and expressed in J\$'000*

<b>2015</b>				
	Share Capital	Other	Retained	Total
	J\$'000	Reserves	Earnings	J\$'000
	J\$'000	J\$'000	J\$'000	J\$'000
Balance at 1 April 2015	305,298		2,888,221	3,193,519
Payment of Dividends			(102,179)	(102,179)
Total Comprehensive Income for the period			728,735	728,735
Balance as at December 31, 2015	<u>305,298</u>	<u>-</u>	<u>3,514,777</u>	<u>3,820,077</u>

  

<b>2016</b>				
	Share Capital	Other	Retained	Total
	J\$'000	Reserves	Earnings	J\$'000
	J\$'000	J\$'000	J\$'000	J\$'000
Balance at 1 April 2016	305,298		3,506,871	3,812,169
Other Comprehensive Income		43,095		43,095
Payment of Dividends			(122,614)	(122,614)
Total Comprehensive Income for the period			700,252	700,252
Balance as at December 31, 2016	<u>305,298</u>	<u>43,095</u>	<u>4,084,509</u>	<u>4,432,903</u>

## LASCO Manufacturing Limited

Notes to the Financial Statements

December 31, 2016

### 1. IDENTIFICATION AND PRINCIPAL ACTIVITIES

- a. LASCO Manufacturing Limited is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is at 27 Red Hills Road, Kingston 10 and it currently operates from leased premises at 38 ½ Red Hills, Kingston 10 and from premises at White Marl.
- b. The principal activities of the company are the manufacturing of soy based products, juice drinks, water and export of various LASCO branded products.

### 2. SIGNIFICANT ACCOUNTING POLICIES:

- a. These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the adopted interpretation of those standards by the International Accounting Standards Board and have been prepared under the historical cost convention. They are also prepared in accordance with provisions of the Jamaican Companies Act.
- b. The accounting policies followed in these interim financial statements are consistent with those used in the audited financial statements for the year ended 31<sup>st</sup> March 2016.
- c. These financial statements are presented in Jamaican dollars unless otherwise indicated.

### 3. FINANCE COSTS

Finance costs are stated net of foreign exchange gains / losses

4. <u>TRADE &amp; OTHER RECEIVABLES</u>	<u>2016</u>	<u>2015</u>	
a. Trade Receivables	JA\$ '000	JA\$ '000	
1. Local	1,319,592	1,353,535	
2. Foreign	171,399	116,876	
b. Other Receivables	<u>443,391</u>	<u>566,949</u>	This comprises of prepayments made for capital goods & stock.
	1,934,382	2,037,360	



5. **SHARE CAPITAL**

	2016	2015
Authorized:-		
4,427,500,000 (2015– 4,427, 500,000) ordinary shares of no par value		
Stated capital –		
Issued and fully paid –		
Number of ordinary shares		
4,087,130,170 (2015 – 4,087,130,170) ordinary shares of no par value	<u>305,298</u>	<u>305,298</u>



**LASCO MANUFACTURING LIMITED**

**TOP TEN SHAREHOLDERS AS AT DECEMBER 31, 2016**

<b>NAMES</b>	<b>UNITS</b>	<b>PERCENTAGES</b>
EAST WEST (ST. LUCIA) LIMITED	2,002,693,780	49.00
LASCELLES A. CHIN	1,244,428,470	30.45
MAYBERRY WEST INDIES BANK LIMITED	130,749,870	3.19
MANWEI INTERNATIONAL	35,390,311	0.87
BAMBOO GROUP HOLDINGS LIMITED	23,690,256	0.58
HILDA GONZALEZ ROSALES	21,000,000	0.51
YUAN LIAO	20,391,220	0.50
JOEL IZQUIERDO GONZALEZ	20,000,000	0.49
LIUDMILA GONZALEZ DIAZ	20,000,000	0.49
MAYBERRY MANAGED CLIENTS ACCOUNT	18,007,665	0.44



**LASCO MANUFACTURING LIMITED**

**DIRECTORS AND CONNECTED PARTIES SHAREHOLDINGS**

**AS AT DECEMBER 31, 2016**

<b>NAME OF PRIMARY HOLDERS</b>	<b>POSITION *CONNECTED PARTIES</b>	<b>UNITS</b>	<b>PERCENTAGES</b>
LASCELLES CHIN		1,244,428,470	30.4475
	*EAST WEST (ST. LUCIA) LTD	2,002,693,780	49.0000
	*EILEEN CHIN - DIRECT	{16,000,000}	{0.3915}
EILEEN CHIN		16,000,000	0.3915
	*LASCELLES CHIN -DIRECT	{1,244,428,470}	{30.4475}
PETER CHIN		5,585,980	0.1367
J. A. LESTER SPAULDING		1,503,000	0.0368
ROSALEA HAMILTON		110,000	0.0360
VINCENT ANTHONY CHEN		0.00	0.0000
JACINTH HALL-TRACEY		0.00	0.0000
ROBERT PARKINS		0.00	0.0000



**LASCO MANUFACTURING LIMITED**  
**SENIOR MANAGERS AND CONNECTED PARTIES SHAREHOLDING**  
**AS AT DECEMBER 31, 2016**

<b>Name Primary Holder</b>	<b>Units</b>	<b>Percentages</b>
LASCELLES A. CHIN	1,244,428,470	30.45
ROBERT PARKINS	0.00	0.0000
SOPHIA GAYLE	0.00	0.0000
ERROL GRANT	0.00	0.0000
ALETHEA POWELL	0.00	0.0000