



Everyday Financial Value



Q4

AUDITED FINANCIAL REPORT

APRIL 2019 – MARCH 2020



Audited results for the period April 2019 – March 2020

The Board of Directors of LASCO Financial Services Limited (LFSL) and its subsidiaries present the audited Consolidated financial statements for the year ended 31 March 2020.

Dear Shareholders,

LFSL's consolidated revenues for the year ended March 31, 2020 grew by over \$295M or 13% to close the year at \$2.5B. The segment revenue is comprised of \$1.6B from the Money Service Business and \$900M from its subsidiary LASCO Microfinance (LASMF). The increase in revenues was inadequate however to compensate for the 38% increase in expenses from \$1.6B in the previous year to \$2.3B which resulted in a consolidated net loss of \$56.9M compared with net profit of \$254.2M in March 2019.

The year over year change in total comprehensive income is attributed largely to a high provision for credit losses made by LASMF, based on customer payment trends, compounded in the last quarter by the COVID-19 Pandemic and its expected impact on the segment we serve.

COVID-19 IMPACT

COVID-19 has created a tidal wave of disruption affecting all of our business lines. Our remittance business has exhibited the most resilience as we were able to efficiently deliver the service to our new and existing customers both through legacy cash channels and digital channels. As the Government of Jamaica navigated its response to the pandemic, several businesses became victims of curfew hours, quarantine restrictions and fall off in demand for their goods and services. The business segments most impacted are the segments who rely heavily on us for microfinancing: bars, small shops, tourist related and school related entities. Consequently, as a precautionary measure, LFSL recognized an additional \$61M in expected credit loss even as we put measures in place to assist our customers through insurance claims, payment moratoriums and restructuring.

The impact of COVID -19 was less evident on LFSL, the parent company which yielded an 8% increase in total income and a 17% increase in net profit, closing the year with \$227.8M.

LASCO FINANCIAL SERVICES LIMITED

Audited results for the period April 2019 – March 2020

FINANCIAL POSITION

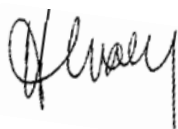
Total cash (cash and bank balances and short-term deposits) increased 100% to close at \$722.9M. 40% of this growth occurred within the last quarter, accelerating from the third quarter as we increased our focus on collections, and reduced our lending at the onset of COVID-19, resulting in Loans and advances decreasing by 3%, from \$1.9B to \$1.8B.

For the reporting period, we have adopted IFRS 16 for leases over US\$5,000 per annum with tenures over twelve months; this resulted in an increase in assets of \$190.5M for right-of-use assets, a lease liability of \$217.5M and \$23M for interest expenses and foreign exchange adjustment included in expenses. Total assets increased by 1.7%, whereas total liabilities increased by 5% and total assets is 1.6 times total liabilities.

Loss per share was 4.43 cents compared with 22.28 cents earnings per share in the previous year.

The economy is slowly reopening but the lingering impact from COVID-19 still affects our business. Our main course of action has been to reduce expenses and preserve cash and to assist our customers to access our services digitally and manage their own cashflow.

We wish to express our appreciation to our employees, agents, Directors and other stakeholders who supported us during the financial year.



JACINTH HALL-TRACEY
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