



Everyday Financial Value  
YOUR MONEY STORE



**Q3**

# UNAUDITED QUARTERLY FINANCIAL REPORT

**October – December 2020**



## 1.69 billion dollars in Income

Down 12.3 percent below the corresponding 2019 period  
A reduction of 238 million dollars

## 390.5 million dollars Profit from Operations

Up 14.77 percent from the corresponding 2019 period  
An increase of 50.2 million dollars

## 153.9 million dollars Net Profit for the period

Up 101 percent from the corresponding 2019 period  
An increase of 77 million dollars.

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LASCO Financial Services Limited's (LFSL) consolidated third quarter transactions generated \$532.1 million in revenues which is \$87.7 million less than the corresponding three months period in 2019. The 14.1% decline is largely due to the fall in revenues from our Subsidiary Loan company which has adjusted its business targets in line with the current market opportunities whereas the money service business continued to show strong growth.

The ongoing benefit of the initiatives which were put in place to control non-essential expenditure in the earlier quarters continued to yield benefits, resulting in a 36% reduction in expenses in the third quarter, primarily caused by the reduction in Selling and Promotion expenses. Profit for the third quarter closed at \$123.8 million compared with a \$135.9 million in the second quarter and \$2.2 million in the prior year.

Consolidated Profit after Tax for the nine months ending December 2020 was \$153.9 million, up from the corresponding period's \$76.9 million, also an improvement on the second quarter which showed a profit of \$30.1 million. The profit was driven by increased revenues from the money service business and bolstered by a reduction in the selling and promotion expenses.

# LASCO FINANCIAL SERVICES LIMITED

## 3<sup>rd</sup> Quarter October - December 2020

### BALANCE SHEET HIGHLIGHTS

	Q3 2021 \$'000	Q3 2020 \$'000
<b>CASH &amp; SHORT TERM DEPOSITS</b>	985,811	502,358
<b>TOTAL ASSETS</b>	3,983,919	4,131,796
<b>LONG TERM DEBT</b>	1,725,137	1,886,301


Total assets reduced year over year by \$147.9 million or 3.58% to close the quarter at \$3983.9million. Cash and short term deposits increased by \$483.4 million over the corresponding period. The increase in cash is due to the reduction in lending as well as increased revenues from the Money Service Business.

The tax remission enjoyed by the company for 10 years beginning October 1, 2010 expired on September 30, 2020. Effective October 1, 2020 the company became subjected to the full tax rate of 33.33%.

In keeping with our pursuit of Financial Inclusion' for Jamaicans, LFSL continued its CSR efforts geared toward education. We awarded scholarships, valued at \$15,000 each, to students sitting the annual Caribbean Secondary Education Certificate (CSEC) examinations in 2021, in Jamaica. The scholarships were granted to assist with CSEC fees and this year the programme was adapted to suit the challenges of the Covid-19 pandemic. Instead of visiting each school, the team engaged the recipients using online video links and the 20 students from 10 schools across the island will also receive data to help bridge the digital gap for their online classes. Additionally, we provided the New Life Preparatory School on Red Hills Road with supporting signage geared towards establishing their Covid-19 Prevention measures, ahead of opening face-to-face school for the next school semester.

The current financial year brought significant challenges for our business. Our current ability to grow our revenues, profits and cash is an indication of the planning and measures we have been putting in place in prior periods to de-risk our income and build resilience. We continue to invest in the transformation of our business to add services which provide access to financial systems and opportunities for our customer base. We now eagerly await our approval and launch of our ecommerce services and look forward to the future with great optimism.

We thank you for your continued support and thank our team; agents, customers, Board of Directors, management, staff and key stakeholders.

  
**JACYNTH HALL-TRACEY**  
**MANAGING DIRECTOR**

# LASCO FINANCIAL SERVICES LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	<u>UNAUDITED</u>	<u>UNAUDITED</u>	<u>UNAUDITED</u>	<u>UNAUDITED</u>	<u>AUDITED</u>
	3 MONTHS ENDED	3 MONTHS ENDED	9 MONTHS ENDED	9 MONTHS ENDED	12 MONTHS ENDED
	31 December 2020	31 DECEMBER 2019	31 DECEMBER 2020	31 DECEMBER 2019	31 MARCH 2020
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>REVENUE</b>					
Income	527,177	600,684	1,674,801	1,816,544	2,404,437
Other income	4,981	19,250	13,027	111,533	102,867
	<u>532,158</u>	<u>619,934</u>	<u>1,687,828</u>	<u>1,928,077</u>	<u>2,507,304</u>
<b>EXPENSES:</b>					
Administrative and other expenses	(283,989)	(265,415)	(807,092)	(795,741)	(1,082,153)
Selling and promotion expenses	(52,485)	(261,541)	(490,277)	(792,127)	(1,194,837)
	<u>(336,474)</u>	<u>(526,956)</u>	<u>(1,297,369)</u>	<u>(1,587,868)</u>	<u>(2,276,990)</u>
PROFIT FROM OPERATIONS	195,684	92,978	390,459	340,209	230,314
Finance cost	(45,867)	(51,984)	(140,957)	(148,046)	(208,345)
PROFIT BEFORE TAXATION	149,817	40,994	249,502	192,163	21,969
Taxation	(26,058)	(38,787)	(95,591)	(115,232)	(78,887)
NET PROFIT FOR THE PERIOD, BEING	<u>123,759</u>	<u>2,207</u>	<u>153,911</u>	<u>76,931</u>	<u>(56,918)</u>
<b>TOTAL COMPREHENSIVE INCOME</b>					
Weighted average number of shares in issue	1,270,561	1,266,532	1,270,561	1,266,532	1,267,433
Basic Earnings per stock unit	<u>\$0.0974</u>	<u>\$0.0017</u>	<u>\$0.1211</u>	<u>\$0.0607</u>	<u>(\$0.0449)</u>



**LASCO FINANCIAL SERVICES LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

	UNAUDITED DECEMBER <u>2020</u> \$'000	UNAUDITED DECEMBER <u>2019</u> \$'000	AUDITED MARCH <u>2020</u> \$'000
<b><u>ASSETS</u></b>			
Cash and bank balances	570,385	418,864	487,437
Short term deposits	415,426	83,494	235,494
Loans & Other Receivables	1,713,101	2,589,557	1,914,664
Related companies	-	1,710	372
Taxation recoverable	14,520	13,784	13,910
Deferred tax assets	89,506	3,989	96,256
Intangible assets	872,751	869,733	879,136
Property, plant and equipment	130,188	150,665	145,085
Right-of-use	178,042	-	190,551
<b>TOTAL ASSETS</b>	<b>3,983,919</b>	<b>4,131,796</b>	<b>3,962,905</b>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>LIABILITIES:</b>			
Payables	333,983	425,209	242,006
Related companies	-	3,053	17,995
Taxation	230,350	121,954	171,954
Deferred Taxation	1	21,359	0
Lease Liability	207,896	0	217,563
Loans	1,517,241	1,886,301	1,773,316
	<b>2,289,471</b>	<b>2,457,876</b>	<b>2,422,834</b>
<b>EQUITY:</b>			
Share capital	102,558	102,091	102,091
Share option reserve	4,428	4,429	4,429
Retained earnings	1,587,462	1,567,400	1,433,551
	<b>1,694,448</b>	<b>1,673,920</b>	<b>1,540,071</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,983,919</b>	<b>4,131,796</b>	<b>3,962,905</b>

Approved for issue by the Board of Directors on February 4, 2021 and signed on its behalf by:

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

Jacinth Hall-Tracey, MBA BA(Hons).  
Managing Director

# LASCO FINANCIAL SERVICES LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### FOR THE 9 MONTHS ENDED 31 DECEMBER 2020



#### LASCO FINANCIAL SERVICES LIMITED

#### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

#### FOR THE 9 MONTHS ENDED 31 DECEMBER 2020

	<u>Share Capital</u> \$'000	<u>Share Option Reserve</u> \$'000	<u>Retained Earnings</u> \$'000	<u>Total</u> \$'000
Balance at 1 April 2019	95,459	5,661	1,490,469	1,591,589
<b>Total comprehensive income:</b>				
Net profit	-	-	76,931	76,931
Other comprehensive income	-	-	-	-
	<u>-</u>	<u>-</u>	<u>76,931</u>	<u>76,931</u>
<b>Transaction with owners</b>				
Issue of shares	5,400			5,400
Transfer from other reserves	1,232	(1,232)		
Dividends paid	-	-	-	-
	<u>6,632</u>	<u>(1,232)</u>	<u>-</u>	<u>5,400</u>
<b>Balance at 31 December 2019</b>	<u>102,091</u>	<u>4,429</u>	<u>1,567,400</u>	<u>1,673,920</u>
Balance at 1 April 2020	102,091	4,429	1,433,551	1,540,071
<b>Total comprehensive income:</b>				
Net profit	-	-	153,911	153,911
Other comprehensive income	-	-	-	-
	<u>-</u>	<u>-</u>	<u>153,911</u>	<u>153,911</u>
<b>Transaction with owners</b>				
Issue of shares	467	-	-	467
Transfer from other reserves	-	-	-	-
Dividends paid	-	-	-	-
	<u>467</u>	<u>-</u>	<u>1,587,462</u>	<u>467</u>
<b>Balance at 31 December 2020</b>	<u>102,558</u>	<u>4,429</u>	<u>1,587,462</u>	<u>1,694,449</u>



**LASCO FINANCIAL SERVICES LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE 9 MONTHS ENDED 31 DECEMBER 2020**

	UNAUDITED 9 MONTHS ENDED 31 DECEMBER 2020 \$'000	UNAUDITED 9 MONTHS ENDED 31 DECEMBER 2019 \$'000	AUDITED 12 MONTHS ENDED 31 MARCH 2020 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net profit/(loss)	153,911	76,931	(56,918)
Items not affecting cash resources:			
Exchange loss/(gain) on foreign balances	33,964	(13,181)	4,344
Depreciation - right-of-use assets	12,509		14,695
Amortisation of Intangibles	7,723	8,875	14,919
Depreciation	28,348	22,257	28,191
Interest income from loans	(447,278)	(668,854)	(875,418)
Interest income from securities	(14,464)	(551)	(3,844)
Taxation expense	88,841	108,482	185,763
Deferred taxation	6,750	6,750	(106,876)
Interest expense	134,513	148,046	196,157
Interest expense - right-of-use assets	6,444		12,188
Gain on sale of property, plant and equipment	-		(1,662)
Provision for impaired loss on loan	9,408	379,366	228,427
Foreign exchange loss on lease liabilities	-		10,895
Loss on sale of investment property	-	18,000	27,297
	<u>20,669</u>	<u>86,121</u>	<u>(321,842)</u>
<b>Changes in operating assets and liabilities</b>			
Receivables	68,202	(572,530)	173,521
Related companies	(17,623)	(3,113)	13,167
Payables	172,091	18,916	(180,663)
	<u>243,339</u>	<u>(470,606)</u>	<u>(315,817)</u>
Interest received	436,496	638,676	923,062
Interest paid	-		(5,660)
Taxation paid	(30,445)	(65,756)	(93,921)
	<u>649,390</u>	<u>102,314</u>	<u>507,664</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	14,382		3,844
Additions to intangible assets	(6,003)	(3,804)	(19,251)
Additions to property, plant and equipment	(8,397)	(13,979)	(16,561)
Short term deposits	(179,932)	(4,454)	(150,737)
Proceeds from sale of property, plant and equipment	-	-	3,890
Proceeds from sale of investment property	-	100,000	90,703
	<u>(179,950)</u>	<u>77,763</u>	<u>(88,112)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid	(92,728)	(94,365)	(174,505)
Issued shares	467	5,400	5,400
Loan proceeds	-	150,000	150,000
Loan repayments	(244,345)	(106,052)	(184,031)
Lease payments	(9,667)	-	(10,766)
	<u>(346,273)</u>	<u>(45,017)</u>	<u>(213,902)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>123,167</b>	<b>135,060</b>	<b>205,650</b>
Exchange (loss)/gain on cash balances	(40,219)	2,121	104
Cash and cash equivalents at beginning of period	487,437	281,683	281,683
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b><u>570,385</u></b>	<b><u>418,864</u></b>	<b><u>487,437</u></b>

# LASCO FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020

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### 1. IDENTIFICATION AND PRINCIPAL ACTIVITY:

- (a) LASCO Financial Services Limited (“the Company”) is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is 27 Red Hills Road, Kingston 10. The company is listed on the Junior Market of the Jamaica Stock Exchange.
  
- (b) The principal activities of the company are:
  - The sale and purchase of foreign currencies through its Cambio. The company is a licensed Cambio dealer regulated by the Bank of Jamaica.
  
  - The provision of remittance services facilitating person to person transfers for a fee, in accordance with licenses issued by the Bank of Jamaica.
  
- (c) Remission of income tax

The company’s shares were listed on the Jamaica Stock Exchange Junior Market, effective 12 October 2010. Consequently, the company is entitled to a remission of taxes for ten (10) years in the proportions set out below, provided the shares remain listed for at least 15 years.

Years 1 to 5 - 100%  
Years 6 to 10 - 50%

The tax remission expired on September 30, 2020. Effective October 1, 2020 the company became subjected to the full tax rate of 33.33%.

- (d) LASCO Financial Services (Barbados) Limited is incorporated in Barbados under the Companies Act Cap.308 of the Laws of Barbados and is a 100% owned subsidiary of the company. The principal activity is the provision remittance services facilitating the receiving of funds. The subsidiary however did not trade during the year.

LASCO Microfinance Limited is a limited liability incorporated and domiciled in Jamaica and is a 100% owned subsidiary of the company. The principal activity is retail lending to the micro enterprise sector for personal and business purposes. By order dated 12 February 2020, LASCO Microfinance Limited received an exemption from the provisions of the Money Lending Act by the Minister of Finance and the Public Service for one year from 23 January 2020, renewable annually.

The company and its subsidiaries are referred to as “the Group”.



# LASCO FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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### 2. BASIS OF PREPARATION:

The condensed unaudited consolidated financial statements for the nine (9) months ended December 31, 2020, have been prepared in accordance with IAS 34, Interim financial reporting and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and have been prepared under the historical cost convention. They are also prepared in accordance with provisions of the Jamaican Companies Act and as set out in note 3 of the audited financial statements as at 31 March 2020.

### 3. SHARE CAPITAL:

Authorized –

1,961,200,000 (2019 – 1,961,200,000) Ordinary shares of no par value

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Stated capital, issued and fully paid - 1,270,561 (2019 - 1,258,576) of no par value	<u>102,558</u>	<u>95,459</u>

### 4. EARNINGS PER STOCK UNIT:

Basic earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue at the end of the period

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Net profit attributable to stockholders (\$'000)	153,911	74,724
Weighted average number of ordinary stock units	<u>1,270,561</u>	<u>1,258,576</u>
Basic earnings per stock unit	<u>\$0.1212</u>	<u>\$0.0594</u>