



Everyday Financial Value



# UNAUDITED FINANCIAL REPORT

**Q3**

**OCTOBER – DECEMBER 2021**

# LASCO FINANCIAL SERVICES LIMITED

## 3rd Quarter October – December 2021

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The Board of Directors of LASCO Financial Services Limited (LFSL) is pleased to present the Third Quarter unaudited financial results.

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### NINE MONTHS BUSINESS PERFORMANCE HIGHLIGHTS

#### **1,838.1 million dollars in Income**

Up 8.9 percent above the corresponding 2020 period  
An increase of 150.3 million dollars

#### **521.6 million dollars Profit from Operations**

Up 33.6 percent above the corresponding 2020 period  
An increase of 131.1 million dollars

#### **263.6 million dollars Net Profit for the period**

Up 71.3 percent above the corresponding 2020 period  
An increase of 109.7 million dollars

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LASCO Financial Services Limited's (LFSL) consolidated nine month transactions generated \$1,838.1 million in revenues which is \$150.3 million more than the corresponding nine months period in 2020. This is an 8.9% increase when compared to the prior year. The third quarter activity generated income of \$693.2 million, surpassing previous year's income by \$161.1 million and reflects increased transactions during the 2021 Christmas season.

For the nine month period under review, Total Expenses increased marginally by 1.48%, moving from \$1,297.4 million to \$1,316.6 million, as actions taken in the earlier periods to manage operational costs begin to manifest. In the three month period however, Selling and Promotions cost increased by over \$135.8 million due to the rise in transactions and the associated variable costs, the increased market presence to support new services and increased estimated credit loss taken as loan customers were impacted by the September no movement days. Operating Profit as at the third quarter closed at \$521.6 million compared to \$390.1 million in the similar period of 2020 which is an improvement of 33.6%.

LFSL marginally reduced its Financing costs as we have been paying down our debts and gradually building our cash flow. Finance cost for the period reduced by 12.4% from \$141 million to \$123.4 million, closing with a consolidated Profit after Tax \$263.6 million, up from the previous year's December 2020 profit of \$153.9 million.

## BALANCE SHEET HIGHLIGHTS

	Q3 2021 \$'000	Q3 2020 \$'000
<b>CASH &amp; SHORT TERM DEPOSITS</b>	1,602,766	985,811
<b>TOTAL ASSETS</b>	4,520,273	3,983,919
<b>LONG TERM DEBT</b>	1,471,256	1,725,137
<b>DIVIDENDS PAID</b>	51,209	-

Total assets increased year over year by \$536.3 million or 13.5% to close the quarter at \$4,520.2 million. Cash and short-term deposits increased by \$617 million over the corresponding period. The increase in cash on hand supports our cyclical demands and expansion in services. Our subsidiary, LASCO Microfinance (LASMF) a DBJ accredited institution was successful in its application to the DBJ to onlend funds to SMEs in direct support of the recovery initiative for SMEs. Interim Dividends of \$51,209 million was paid on December 20, 2021 to shareholders on record as December 1. This is equivalent to \$0.04 per share.

As we approach our final quarter in our 2021-2022 financial year, we are expecting to complete some initiatives which are key drivers to our growth in the coming year. We operate in a very competitive and fast paced environment, the dynamics of which can be very impactful on our revenues. Our intention is to position the company to lead on initiatives that drive growth or to seize growth opportunities once they arise.

LASCO Financial Services participated in the MicroPitch CARICOM Edition Entrepreneurship Training and Business Plan Competition organised by the Frankfurt School of Finance and Management and the European Investment Bank (EIB). The event gave entrepreneurs and micro, small and medium-sized enterprises (MSMEs) of the Caribbean region the opportunity to boost their business by offering them capacity building. LFSL sponsored the prize for the Top Jamaican Awardee for the Business Plan Competition, this was awarded to The STEM Builders Learning Hub.

Our community is very important to our continued success and it was our pleasure to also support Positive Initiative Limited a non-profit organisation ran by Mr. Andrew Williams, member of the Jamaica Constabulary Force and former LASCO Top Cop finalist, as well as the Duhaney Park Health Centre's Staff top performers for the year during the quarter under review.

We wish to express our appreciation to our customers, our employees, agents and merchants who continue to serve our customers with enthusiasm even as they comply with Covid-19 protocols. Thanks and appreciation also to our Directors for their continued support and guidance.



**JACINTH HALL-TRACEY**  
**MANAGING DIRECTOR**

# LASCO FINANCIAL SERVICES LIMITED

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

October – December 2021

	Note	<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 2021	31 DECEMBER 2020	31 DECEMBER 2021	31 DECEMBER 2020	31 MARCH 2021
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>REVENUE</b>						
Income		668,383	527,177	1,749,776	1,674,801	2,217,952
Other income		24,833	4,981	88,360	13,027	75,089
		<u>693,216</u>	<u>532,158</u>	<u>1,838,136</u>	<u>1,687,828</u>	<u>2,293,041</u>
<b>EXPENSES:</b>						
Administrative and other expenses		(271,455)	(283,989)	(826,088)	(807,092)	(1,079,790)
Selling and promotion expenses		(188,282)	(52,485)	(490,478)	(490,277)	(765,820)
		<u>(459,737)</u>	<u>(336,474)</u>	<u>(1,316,566)</u>	<u>(1,297,369)</u>	<u>(1,845,610)</u>
PROFIT FROM OPERATIONS		233,479	195,684	521,570	390,459	447,431
Finance cost		<u>(30,058)</u>	<u>(45,867)</u>	<u>(123,407)</u>	<u>(140,957)</u>	<u>(187,047)</u>
PROFIT BEFORE TAXATION		203,421	149,817	398,163	249,502	260,384
Taxation		<u>(73,368)</u>	<u>(26,058)</u>	<u>(134,520)</u>	<u>(95,591)</u>	<u>(103,631)</u>
NET PROFIT FOR THE PERIOD, BEING		<u>130,053</u>	<u>123,759</u>	<u>263,643</u>	<u>153,911</u>	<u>156,753</u>
<b>TOTAL COMPREHENSIVE INCOME</b>						
Weighted average number of shares in issue		1,278,306	1,270,561	1,278,306	1,270,561	1,266,794
Basic Earnings per stock unit	4	<u>\$0.1017</u>	<u>\$0.0974</u>	<u>\$0.2062</u>	<u>\$0.1211</u>	<u>\$0.1237</u>

# LASCO FINANCIAL SERVICES LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### AS AT 31 December 2021

	Note	UNAUDITED DECEMBER 2021 \$'000	UNAUDITED DECEMBER 2020 \$'000	AUDITED MARCH 2021 \$'000
<b>ASSETS</b>				
Cash and bank balances		998,218	570,385	1,060,551
Short term deposits		604,548	415,426	312,837
Loans and receivables		1,645,288	1,713,101	1,641,790
Related companies		-	-	317
Taxation recoverable		31,059	14,520	28,338
Deferred tax assets		123,329	89,506	97,384
Intangible assets		851,925	872,751	867,085
Property, plant and equipment		108,159	130,188	125,487
Right-of-use		157,747	178,042	166,753
<b>TOTAL ASSETS</b>		<b>4,520,273</b>	<b>3,983,919</b>	<b>4,300,542</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES:</b>				
Payables		886,640	333,983	770,533
Related companies		-	-	7,616
Taxation		242,986	230,350	126,847
Deferred Taxation		-	1	37,629
Lease Liability		202,379	207,896	204,582
Loans		1,268,877	1,517,241	1,456,045
		<b>2,600,882</b>	<b>2,289,471</b>	<b>2,603,252</b>
<b>EQUITY:</b>				
Share capital	3	114,536	102,558	102,664
Share option reserve		2,117	4,428	4,322
Retained earnings		1,802,739	1,587,462	1,590,304
		<b>1,919,391</b>	<b>1,694,448</b>	<b>1,697,290</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>4,520,273</b>	<b>3,983,919</b>	<b>4,300,542</b>

Approved for issue by the Board of Directors on 9th February 2022 and signed on its behalf by:

Hon. Lascelles 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 2021

	<u>Share Capital</u> <u>\$'000</u>	<u>Share Option Reserve</u> <u>\$'000</u>	<u>Retained Earnings</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</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>-</u>	<u>-</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>
Balance at 1 April 2021	102,664	4,322	1,590,304	1,697,290
<b>Total comprehensive income:</b>				
Net profit	-	-	263,643	263,643
Other comprehensive income	-	-	-	-
	<u>-</u>	<u>-</u>	<u>263,643</u>	<u>263,643</u>
<b>Transaction with owners</b>				
Issue of shares	9,667	-	-	9,667
Transfer from other reserves	2,205	(2,205)	-	-
Dividends	-	-	(51,209)	(51,209)
	<u>11,872</u>	<u>(2,205)</u>	<u>(51,209)</u>	<u>(41,542)</u>
<b>Balance at 31 DECEMBER 2021</b>	<u>114,536</u>	<u>2,117</u>	<u>1,802,739</u>	<u>1,919,391</u>

**LASCO FINANCIAL SERVICES LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE 9 MONTHS ENDED 31 DECEMBER 2021**

	UNAUDITED 9 MONTHS ENDED 31 DECEMBER 2021 \$'000	UNAUDITED 9 MONTHS ENDED 31 DECEMBER 2020 \$'000	AUDITED 12 MONTHS ENDED 31 MARCH 2021 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net profit/(loss)	263,643	153,911	156,753
Items not affecting cash resources:			
Exchange loss/(gain) on foreign balances	(24,769)	33,964	(5,684)
Depreciation - right-of-use assets	9,006	12,509	13,479
Amortisation of Intangibles	9,398	7,723	20,319
Depreciation	29,587	28,348	25,121
Interest income from loans	(356,594)	(447,278)	(581,333)
Interest income from securities	(12,664)	(14,464)	(10,404)
Interest Income -Other	(13,534)	-	(9,511)
Taxation expense	134,520	88,841	104,759
Deferred taxation	(25,945)	6,750	(1,128)
Interest expense	114,017	134,513	173,022
Interest expense - right-of-use assets	9,390	6,444	14,024
Provision for impaired loss on loan	(23,102)	9,408	(136,994)
Loss on derecognition of right of use	-	-	19
	<u>112,953</u>	<u>20,669</u>	<u>(237,558)</u>
<b>Changes in operating assets and liabilities</b>			
Receivables	10,560	68,202	444,603
Related companies	(7,299)	(17,623)	(11,212)
Payables	17,287	172,091	521,937
	<u>133,502</u>	<u>243,339</u>	<u>717,770</u>
Interest received	377,876	436,496	637,639
Interest paid	(4,218)	-	(42,270)
Dividend Paid	(48,346)	-	-
Taxation paid	(867)	(30,445)	(164,294)
	<u>457,947</u>	<u>649,390</u>	<u>1,148,845</u>
<b>Cash provided by operating activities</b>	<u>457,947</u>	<u>649,390</u>	<u>1,148,845</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	25,434	14,382	-
Additions to intangible assets	-	(6,003)	9,686
Additions to property, plant and equipment	(3,633)	(8,397)	(8,158)
Short term deposits	(291,711)	(179,932)	(5,507)
Proceeds from sale of investment property	-	-	(70,410)
	<u>(269,910)</u>	<u>(179,950)</u>	<u>(74,389)</u>
<b>Cash provided by/(used in) investing activities</b>	<u>(269,910)</u>	<u>(179,950)</u>	<u>(74,389)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid	(81,237)	(92,728)	(162,825)
Issued shares	9,667	467	466
Loan Repayments	(1,484,548)	(244,345)	(327,467)
Loan Proceeds	1,300,000	-	-
Lease payments	(10,845)	(9,667)	(16,705)
	<u>(266,964)</u>	<u>(346,273)</u>	<u>(506,531)</u>
<b>Cash used in financing activities</b>	<u>(266,964)</u>	<u>(346,273)</u>	<u>(506,531)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(78,927)</u>	<u>123,167</u>	<u>567,925</u>
Exchange (loss)/gain on cash balances	16,595	(40,219)	5,189
Cash and cash equivalents at beginning of period	1,060,551	487,437	487,437
	<u>998,218</u>	<u>570,385</u>	<u>1,060,551</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>998,218</u>	<u>570,385</u>	<u>1,060,551</u>

# LASCO FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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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) 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 29 December 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 2021, renewable annually.

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



# LASCO FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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### 2. BASIS OF PREPARATION:

The condensed unaudited consolidated financial statements for the nine (9) months ended December 31, 2021, 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 2021.

### 3. SHARE CAPITAL:

Authorised –  
1,961,200,000 (2020 – 1,961,200,000) Ordinary shares of no par value

	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
Stated capital, issued, and fully paid - 1,280,228 (2020 - 1,270,561) of no par value	<u>114,536</u>	<u>102,664</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>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
Net profit attributable to stockholders (\$'000)	263,643	153,911
Weighted average number of ordinary stock units ('000)	<u>1,278,306</u>	<u>1,270,794</u>
Basic earnings per stock unit	<u>\$0.2062</u>	<u>\$0.1211</u>