



Everyday Financial Value



# UNAUDITED FINANCIAL REPORT

**Q1**

**APRIL - JUNE 2022**

# LASCO FINANCIAL SERVICES LIMITED

## 1st Quarter April – June 2022

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

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### THREE MONTHS BUSINESS PERFORMANCE HIGHLIGHTS

#### 564.5 million dollars in Income

Down 5 percent below the corresponding 2021 period  
A decrease of 26.5 million dollars

#### 133.5 million dollars Profit from Operations

Down 15.8 percent below the corresponding 2021 period  
A decrease of 24.9 million dollars

#### 82.8 million dollars Net Profit for the period

Up 10.4 percent above the corresponding 2021 period  
An increase of \$7.8 million dollars.

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LASCO Financial Services Limited (LFSL) is reporting net income for the first quarter of the 2022-2023 Financial year of \$82.8M. This compared to net income of \$74.9M which was generated in the corresponding 2021 first quarter. The 10.4% increase in Net income was largely driven by the \$20.9M in savings from the lowered finance cost. During the previous financial year, in an attempt to strengthen our financial position and cash flow, we refinanced our 9.5% fixed interest bond with two fixed rate loans with interest rate of 7.5% and 8%.

Revenues decreased by 4% from the prior year from \$591.0M to \$564.5M, as lower Cambio spreads and lower interest income from loans offset the gains from the increased remittance activities. LFSL still continues to benefit from a buoyant remittance market and now anticipates the additional revenues from its card business to supplement income by the third quarter.

Profit from Operations ended the period at \$133.5M, 15.8% lower than the previous year. Administrative and other expenses increased marginally by \$4.64M and selling and promotion decreased by \$6.17M. Overall expenses decreased by \$1.53M but coupled with the decrease in finance costs we were able to improve our profit position by 10.4%

We continue to see the resilience in our business lines in spite of the challenging market conditions. We navigated the environment very well aided by the mix in our key revenue drivers which allows us to provide a complementary suite of services geared at financial inclusion for our

core customer segment. We continue to tweak our strategies to respond to market conditions and expect improvements in income from our full suite of services in this financial year.

### BALANCE SHEET HIGHLIGHTS

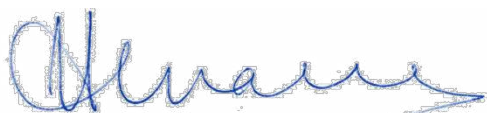
	Q1 2022 \$'000	Q1 2021 \$'000
<b>CASH &amp; SHORT TERM DEPOSITS</b>	1,621,475	1,164,414
<b>TOTAL ASSETS</b>	4,328,512	3,960,608
<b>LONG TERM DEBT</b>	1,523,367	1,642,123
		-

Total assets increased marginally year over year by \$367.9M million or 9.29% to close the quarter at \$4.32B. Cash and short-term deposits increased by \$457.1M over the corresponding period. Our subsidiary, LASCO Microfinance (LASMF) a Development Bank of Jamaica (DBJ) accredited institution has partnered to disburse the SERVE loans facility to on lend funds to SMEs in direct support of the Government of Jamaica's recovery initiative for Small and Medium Enterprises (SMEs). Additional funds were released to LASMF within the quarter to support the demands.

Our schools in our community are very dear to us and during the first quarter, LASCO Financial Services supported two early education facilities; The United Early Childhood Development Centre on Red Hills Road in the vicinity of our Money Store and The New Baby Grand Development Centre in the Washington Boulevard area, by providing groceries for their feeding programmes. The initiative was attributed to our Child Month activity.

We are heading into the new financial year with great anticipation that the strategies and plans we have implemented will manifest as intended. We are fully cognizant that as a Money Service Business largely acting as an intermediary, there are several elements in our business for which we have no control. Our success has always been, however, in our response: our ability to adapt and our broad vision of the future of our business and our continued relevance.

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

April – June 2022

	Note	<u>UNAUDITED</u>	<u>UNAUDITED</u>	<u>AUDITED</u>
		3 MONTHS ENDED 30 JUNE 2022 \$'000	3 MONTHS ENDED 30 JUNE 2021 \$'000	12 MONTHS ENDED 31 MARCH 2022 \$'000
<b>REVENUE</b>				
Income		539,993	561,707	2,425,222
Other income		24,496	29,308	86,693
		<u>564,489</u>	<u>591,015</u>	<u>2,511,915</u>
<b>EXPENSES:</b>				
Administrative and other expenses		-268,033	-263,393	-1,104,952
Selling and promotion expenses		-162,923	-169,089	-746,987
		<u>-430,956</u>	<u>-432,482</u>	<u>-1,851,939</u>
PROFIT FROM OPERATIONS		133,533	158,532	659,976
Finance cost		-26,771	-47,735	-166,895
PROFIT BEFORE TAXATION		106,762	110,797	493,081
Taxation		-23,980	-35,816	-186,632
NET PROFIT FOR THE PERIOD, BEING		<u>82,782</u>	<u>74,981</u>	<u>306,449</u>
TOTAL COMPREHENSIVE INCOME				
Weighted average number of shares in issue		1,274,042	1,275,505	1,274,042
Basic Earnings per stock unit		<u>\$0.0650</u>	<u>\$0.0588</u>	<u>\$0.2405</u>

# LASCO FINANCIAL SERVICES LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### AS AT 30<sup>th</sup> JUNE 2022



**LASCO FINANCIAL SERVICES LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

	Note	UNAUDITED JUNE <u>2022</u> \$'000	UNAUDITED JUNE <u>2021</u> \$'000	AUDITED MARCH <u>2022</u> \$'000
<b>ASSETS</b>				
Cash and bank balances		855,957	770,739	961,515
Short term deposits		765,518	393,675	428,076
Loans and other receivables		1,451,279	1,512,467	2,021,495
Related companies		-	-	-
Taxation recoverable		32,926	28,718	31,589
Deferred tax assets		108,138	109,616	105,713
Intangible assets		850,065	862,697	846,246
Property, plant and equipment		110,983	118,946	111,598
Right-of-use		153,646	163,750	157,582
<b>TOTAL ASSETS</b>		<b>4,328,512</b>	<b>3,960,608</b>	<b>4,663,814</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES:</b>				
Payables		524,114	375,960	951,458
Related companies		-	-	12,812
Taxation		236,052	164,319	243,660
Deferred Revenue		-	-	9,569
Loans		1,319,713	1,438,506	1,279,349
Lease Liability		203,654	203,617	204,769
		<b>2,283,533</b>	<b>2,182,403</b>	<b>2,701,617</b>
<b>EQUITY:</b>				
Share capital	3	114,536	109,951	114,536
Share option reserve		2,117	2,968	2,117
Retained earnings		1,928,326	1,665,286	1,845,544
		<b>2,044,979</b>	<b>1,778,205</b>	<b>1,962,197</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>4,328,512</b>	<b>3,960,608</b>	<b>4,663,814</b>

Approved for issue by the Board of Directors on 28th July 2022 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 3 MONTHS ENDED 30th JUNE 2022

	<u>Share Capital</u> \$'000	<u>Share Option Reserve</u> \$'000	<u>Retained Earnings</u> \$'000	<u>Total</u> \$'000
Balance at 1 April 2021	102,664	4,322	1,590,304	1,697,290
<b>Total comprehensive income:</b>				
Net profit	-	-	74,981	74,981
Other comprehensive income	-	-	-	-
	<u>-</u>	<u>-</u>	<u>74,981</u>	<u>74,981</u>
<b>Transaction with owners</b>				
Issue of shares	5,933	-	-	5,933
Transfer from other reserves	1,354	1,354	-	-
Dividends paid	-	-	-	-
	<u>7,287</u>	<u>-</u>	<u>-</u>	<u>5,933</u>
<b>Balance at 30 June 2021</b>	<u>109,951</u>	<u>2,968</u>	<u>1,665,285</u>	<u>1,778,204</u>
Balance at 1 April 2022	114,536	2,117	1,845,544	1,962,197
<b>Total comprehensive income:</b>				
Net profit	-	-	82,782	82,782
Other comprehensive income	-	-	-	-
	<u>114,536</u>	<u>-</u>	<u>82,782</u>	<u>82,782</u>
<b>Transaction with owners</b>				
Issue of shares	-	-	-	-
Transfer from other reserves	-	-	-	-
Dividends paid	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Balance at 30 June 2022</b>	<u>114,536</u>	<u>2,117</u>	<u>1,928,326</u>	<u>2,044,979</u>

LASCO FINANCIAL SERVICES LIMITED  
 CONSOLIDATED STATEMENT OF CASH FLOWS  
 FOR THE 3 MONTHS ENDED 30 JUNE 2022

	UNAUDITED 3 MONTHS ENDED 30 JUNE 2022 \$'000	UNAUDITED 3 MONTHS ENDED 30 JUNE 2021 \$'000	AUDITED 12 MONTHS ENDED 31 MARCH 2022 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net profit/(loss)	82,782	74,982	306,449
Items not affecting cash resources:			
Exchange loss/(gain) on foreign balances	4,436	(10,750)	(7,368)
Adjustment to Intangible Assets	-	-	45
Depreciation - right-of-use assets	3,936	3,002	13,950
Amortisation of Intangibles	1,454	3,192	21,815
Depreciation	1,395	8,531	24,973
Interest income from loans	(86,775)	(117,597)	(465,050)
Interest income from securities	(11,264)	(4,484)	(21,831)
Interest Income -Other	(3,265)	(1,551)	(14,599)
Taxation expense	23,980	35,816	194,961
Deferred taxation	(2,425)	(12,232)	(8,329)
Interest expense	23,265	44,289	152,925
Interest expense - right-of-use assets	3,464	3,447	13,970
Provision for impaired loss on loan	4,681	-	9,607
Loss on derecognition of right of use	-	-	(168)
	<u>45,664</u>	<u>26,645</u>	<u>221,350</u>
<b>Changes in operating assets and liabilities</b>			
Receivables	569,765	133,603	(392,320)
Related companies	(12,812)	(7,299)	4,561
Payables	(434,402)	(480,735)	199,623
	<u>168,215</u>	<u>(327,786)</u>	<u>33,214</u>
Interest received on Loans	87,281	113,656	494,925
Interest paid	(1,053)	(2,092)	(44,586)
Taxation paid	(40,884)	-	(81,398)
	<u>213,559</u>	<u>(216,223)</u>	<u>402,155</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received- Securities	12,980	5,317	28,202
Additions to intangible assets	(2,498)	-	(1,131)
Additions to property, plant and equipment	(3,556)	(794)	(11,100)
Short term deposits	(337,442)	(80,838)	(108,539)
	<u>(330,516)</u>	<u>(76,315)</u>	<u>(92,568)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid	(23,154)	(4,792)	(147,743)
Issued shares	-	5,934	9,667
Loan Proceeds	90,000	-	1,300,000
Loan repayments	(48,693)	(6,168)	(1,505,121)
Lease payments	(4,579)	(3,537)	(18,394)
Dividends Paid	-	-	(51,209)
	<u>13,573</u>	<u>(8,563)</u>	<u>(412,800)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(103,383)</b>	<b>(301,101)</b>	<b>(103,213)</b>
Exchange (loss)/gain on cash balances	(2,174)	11,289	4,177
Cash and cash equivalents at beginning of period	961,515	1,060,551	1,060,551
	<u>855,957</u>	<u>770,739</u>	<u>961,515</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>855,957</b>	<b>770,739</b>	<b>961,515</b>

# LASCO FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30th JUNE 2022

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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 company 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 of the Microcredit Act 2021 which came into effect on July 30, 2021, LASCO Microfinance must submit an application for a license within one year. LASMF has submitted its application and now awaits the approval.

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



# LASCO FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

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### 2. BASIS OF PREPARATION:

The condensed unaudited consolidated financial statements for the three (3) months ended June 30, 2022, 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 2022.

### 3. SHARE CAPITAL:

Authorised –  
1,961,200,000 (2021 – 1,961,200,000) Ordinary shares of no par value

	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Stated capital, issued, and fully paid - 1,280,228 (2021 - 1,270,561) of no par value	<u>114,536</u>	<u>109,951</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>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Net profit attributable to stockholders (\$'000)	82,782	74,981
Weighted average number of ordinary stock units ('000)	<u>1,274,042</u>	<u>1,275,505</u>
Basic earnings per stock unit	<u>\$0.0650</u>	<u>\$0.0588</u>