



Everyday Financial Value



UNAUDITED FINANCIAL REPORT

Q2

JULY – SEPTEMBER 2022

LASCO FINANCIAL SERVICES LIMITED

2nd Quarter July – September 2022

Letter to the Shareholders

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

SIX MONTHS BUSINESS PERFORMANCE HIGHLIGHTS

1,187.9 million dollars in Income

Up 3.7 percent above the corresponding 2021 period
An increase of 42.9 million dollars

287.8 million dollars Profit from Operations

Down 0.1 percent below the corresponding 2021 period
A decrease of 0.3 million dollars

156.8 million dollars Net Profit for the period

Up 17.3 percent above the corresponding 2021 period
An increase of \$23.2 million dollars.

SECOND QUARTER RESULTS

LASCO Financial Services Limited (LFSL) is reporting consolidated income of \$623.4 million for its second quarter of the 2022-2023 Financial year. This compares with income of \$553.9 million which was generated in the corresponding 2021-2022 second quarter. The 12.5% increase in income is largely due to the general increase in business transactions. Profit for the three-month period also exceeds the corresponding 2021-2022 period by \$24.7 million, closing at \$154.3 million.

SIX MONTHS RESULTS

Consolidated six months transactions generated \$1,187.9 million in revenues which is \$42.9 million more than the corresponding six months period in 2021-2022, a 3.7% increase when compared with the prior year. This reflects a strong contribution from the company's core services with increasing input from the new services.

For the six months period under review, Total Expenses increased by 5%, from \$856.8 million to \$900.1 million. The Administrative expenses increased in line with expansion of services and growth in staff, whereas Selling and Promotional expenses increased in line with additional market activity for the period.

Profit from Operations ended the period at \$287.8 Million, relatively flat year on year, decreasing by just \$0.3 Million over the previous year. However, the planned decrease in finance cost generated savings of \$38.6 Million and resulted in an increase in the profit after tax of \$23.2 million, closing the six months period with net income of \$156.8 million.

We continue to see the resilience in our business lines in spite of the challenging and competitive market conditions. In the coming periods, we will continue to extract the opportunities from our diversified business lines and build on the new revenue streams to provide continuous value for our valued shareholders.

BALANCE SHEET HIGHLIGHTS

	Q2 2022	Q2 2021
	\$'000	\$'000
CASH & SHORT-TERM DEPOSITS	1,645,342	1,698,622
TOTAL ASSETS	4,433,876	4,371,272
LONG TERM DEBT	1,500,818	1,641,808
		-

Total assets marginally increased year over year by \$62.6 million or 1.4% to close the period at \$4,433.8 million. Our company retains high cash balances as the nature of our transactions require us to operate with high cash volumes. There was however a slight decline in cash balances when compared with the corresponding period. One notable contribution to the decline in cash is the increase in loan disbursements as we make a push to expand our portfolio and market share.

During the second quarter, we extended our LASCO Gold Visa debit card pilot to the general public, offering the service through our Remittance agent network and via the LASCO Gold Mobile app (in the Google Playstore). We are pleased with customer response so far and expect to increase market activity over the next two quarters to ensure that we maximize on the opportunities. Unbanked customers can benefit greatly from the LASCO Gold Visa debit card (prepaid) as they will be able to load their cards with funds and conduct transactions seamlessly at points of sales and online, including cross border.

This year LASCO Financial Services celebrates eighteen years of service and twelve years on the Junior Market of the Jamaica Stock Exchange and we are very grateful for the support we have received over the years which has helped us to grow tremendously over the period. To commemorate the event we celebrated with our instore customers who visited our MoneyStores on the anniversary day, surprising them with giveaways and tokens. We wish to express our appreciation to our customers, our employees, agents and merchants who continue to serve our customers with enthusiasm. 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 – SEPTEMBER 2022

Note	<u>UNAUDITED</u>	<u>UNAUDITED</u>	<u>UNAUDITED</u>	<u>UNAUDITED</u>	<u>AUDITED</u>
	3 MONTHS ENDED	3 MONTHS ENDED	6 MONTHS ENDED	6 MONTHS ENDED	12 MONTHS ENDED
	30 SEPTEMBER 2022	30 SEPTEMBER 2021	30 SEPTEMBER 2022	30 SEPTEMBER 2021	31 MARCH 2022
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
REVENUE					
Income	584,572	519,685	1,124,565	1,081,393	2,425,222
Other income	38,822	34,220	63,319	63,527	86,693
	<u>623,394</u>	<u>553,905</u>	<u>1,187,884</u>	<u>1,144,920</u>	<u>2,511,915</u>
EXPENSES:					
Administrative and other expenses	(324,118)	(274,529)	(592,151)	(554,633)	-1,104,952
Selling and promotion expenses	(145,021)	(149,817)	(307,944)	(302,196)	-746,987
	<u>(469,139)</u>	<u>(424,346)</u>	<u>(900,095)</u>	<u>(856,829)</u>	<u>(1,851,939)</u>
PROFIT FROM OPERATIONS	154,255	129,559	287,789	288,091	659,976
Finance cost	(27,950)	(45,613)	(54,721)	(93,348)	-166,895
PROFIT BEFORE TAXATION	126,305	83,946	233,068	194,742	493,081
Taxation	(52,336)	(25,336)	(76,316)	(61,152)	-186,632
NET PROFIT FOR THE PERIOD, BEING	<u>73,969</u>	<u>58,610</u>	<u>156,752</u>	<u>133,591</u>	<u>306,449</u>
TOTAL COMPREHENSIVE INCOME					
Weighted average number of shares in issue	1,274,042	1,278,306	1,274,042	1,278,306	1,274,042
Basic Earnings per stock unit	<u>\$0.0581</u>	<u>\$0.0458</u>	<u>\$0.1230</u>	<u>\$0.1045</u>	<u>\$0.2405</u>

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30th SEPTEMBER 2022

	Note	UNAUDITED SEPTEMBER <u>2022</u> \$'000	UNAUDITED SEPTEMBER <u>2021</u> \$'000	AUDITED MARCH <u>2022</u> \$'000
<u>ASSETS</u>				
Cash and bank balances		721,926	896,509	961,515
Short term deposits		923,415	802,113	428,076
Loans and other receivables		1,528,318	1,399,395	2,021,495
Related companies		-	-	-
Taxation recoverable		34,019	29,016	31,589
Deferred tax assets		111,745	113,336	105,713
Intangible assets		851,190	857,311	846,246
Property, plant and equipment		113,386	112,843	111,598
Right-of-use		149,877	160,749	157,582
TOTAL ASSETS		4,433,876	4,371,272	4,663,814
<u>LIABILITIES AND EQUITY</u>				
LIABILITIES:				
Payables		554,751	712,718	951,458
Related companies		-	7,390	12,812
Taxation		259,358	168,808	243,660
Deferred Revenue		-	-	9,569
Loans		1,298,340	1,438,789	1,279,349
Lease Liability		202,478	203,019	204,769
		2,314,927	2,530,724	2,701,617
EQUITY:				
Share capital	3	114,536	114,536	114,536
Share option reserve		2,117	2,117	2,117
Retained earnings		2,002,296	1,723,895	1,845,544
		2,118,949	1,840,548	1,962,197
TOTAL LIABILITIES AND EQUITY		4,433,876	4,371,272	4,663,814

Approved for issue by the Board of Directors on 1st November 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 6 MONTHS ENDED 30th SEPTEMBER 2022

	Share Capital \$'000	Share Option Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 April 2021	102,664	4,322	1,590,304	1,697,290
Total comprehensive income:				
Net profit	-	-	133,591	133,591
Other comprehensive income	-	-	-	-
	<u>-</u>	<u>-</u>	<u>133,591</u>	<u>133,591</u>
Transaction with owners				
Issue of shares	9,667	-	-	9,667
Transfer from other reserves	2,205	(2,205)	-	-
Dividends paid	-	-	-	-
	<u>11,872</u>	<u>-</u>	<u>-</u>	<u>9,667</u>
Balance at 30 September 2021	<u>114,536</u>	<u>2,117</u>	<u>1,723,895</u>	<u>1,840,548</u>
Balance at 1 April 2022	114,536	2,117	1,845,544	1,962,197
Total comprehensive income:				
Net profit	-	-	156,752	156,752
Other comprehensive income	-	-	-	-
	<u>114,536</u>	<u>-</u>	<u>156,752</u>	<u>156,752</u>
Transaction with owners				
Issue of shares	-	-	-	-
Transfer from other reserves	-	-	-	-
Dividends paid	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 30 September 2022	<u>114,536</u>	<u>2,117</u>	<u>2,002,296</u>	<u>2,118,949</u>

LASCO FINANCIAL SERVICES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2022

	UNAUDITED 6 MONTHS ENDED 30 SEPTEMBER 2022 \$'000	UNAUDITED 6 MONTHS ENDED 30 SEPTEMBER 2021 \$'000	AUDITED 12 MONTHS ENDED 31 MARCH 2022 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit/(loss)	156,752	133,591	306,449
Items not affecting cash resources:			
Exchange loss/(gain) on foreign balances	(1,597)	(21,536)	(7,368)
Adjustment to Intangible Assets			45
Depreciation - right-of-use assets	7,705	6,004	13,950
Amortisation of Intangibles	2,908	6,295	21,815
Depreciation	8,266	19,844	24,973
Interest income from loans	(170,264)	(235,531)	(465,050)
Interest income from securities	(22,162)	(8,095)	(21,831)
Interest Income -Other	(5,762)	(7,836)	(14,599)
Taxation expense	76,316	61,152	194,961
Deferred taxation	(6,032)	(15,952)	(8,329)
Interest expense	47,701	86,479	152,925
Interest expense - right-of-use assets	6,914	6,869	13,970
Provision for impaired loss on loan	(8,347)	(13,910)	9,607
Loss on derecognition of right of use	-	-	(168)
	<u>92,400</u>	<u>17,374</u>	<u>221,350</u>
Changes in operating assets and liabilities			
Receivables	492,045	269,291	(392,320)
Related companies	(12,812)	91	4,561
Payables	<u>(410,628)</u>	<u>(138,074)</u>	<u>199,623</u>
	161,005	148,682	33,214
Interest received on Loans	179,655	231,749	494,925
Interest paid	(3,048)	(3,189)	(44,586)
Taxation paid	<u>(59,257)</u>	<u>(867)</u>	<u>(81,398)</u>
Cash provided by operating activities	<u>278,355</u>	<u>376,375</u>	<u>402,155</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received- Securities	25,581	15,932	28,202
Additions to intangible assets		-	(1,131)
Additions to property, plant and equipment	(17,907)	(2,360)	(11,100)
Short term deposits	<u>(495,339)</u>	<u>(489,276)</u>	<u>(108,539)</u>
Cash provided by/(used in) investing activities	<u>(487,665)</u>	<u>(475,704)</u>	<u>(92,568)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	(45,595)	(65,856)	(147,743)
Issued shares	-	9,668	9,667
Loan Proceeds	90,000	1,200,000	1,300,000
Loan repayments	(70,067)	(1,212,449)	(1,505,121)
Lease payments	(9,206)	(8,432)	(18,394)
Dividends Paid	-	-	(51,209)
Cash used in financing activities	<u>(34,868)</u>	<u>(77,069)</u>	<u>(412,800)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(244,177)</u>	<u>(176,398)</u>	<u>(103,213)</u>
Exchange (loss)/gain on cash balances	4,589	12,355	4,177
Cash and cash equivalents at beginning of period	<u>961,515</u>	<u>1,060,551</u>	<u>1,060,551</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>721,926</u>	<u>896,509</u>	<u>961,515</u>

LASCO FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30th SEPTEMBER 2022

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. A letter of Non-Objection has so far been received.

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

LASCO FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

2. BASIS OF PREPARATION:

The condensed unaudited consolidated financial statements for the six (6) months ended September 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:

Authorized –

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>114,536</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>
Net profit attributable to stockholders (\$'000)	156,752	133,591
Weighted average number of ordinary stock units ('000)	<u>1,274,042</u>	<u>1,278,306</u>
Basic earnings per stock unit	<u>\$0.1230</u>	<u>\$0.1045</u>