



Everyday Financial Value



UNAUDITED FINANCIAL REPORT

Q3

OCTOBER - DECEMBER 2022

LASCO FINANCIAL SERVICES LIMITED

3rd Quarter October – December 2022

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

NINE MONTHS BUSINESS PERFORMANCE HIGHLIGHTS

1,759.6 million dollars in Income

Down 4.3 percent below the corresponding 2021 period
A decrease of 78.5 million dollars

376.6 million dollars Profit from Operations

Down 28.8 percent below the corresponding 2021 period
A decrease of 149.9 million dollars

187.4 million dollars Net Profit for the period

Down 28.9 percent below the corresponding 2021 period
A decrease of \$76.3 million dollars.

THREE MONTH RESULTS

LASCO Financial Services Limited (LFSL) is reporting consolidated income of \$571.7 million for the third quarter of the 2022-2023 Financial year. This compares with income of \$693.2 million which was generated in the corresponding 2021-2022 third quarter. The 17.5% decrease in income of \$121.5 million is an indication of the normalization of our remittance service market share. Between December 2021 and April 2022, LASF benefitted from increased MoneyGram transactions into Jamaica due to temporary disruption of a key competitor. This reduction in income also impacted the profit for the three-month period by \$144.6million, closing at \$88.8 million.

NINE MONTH RESULTS

Consolidated nine months transactions generated \$1,759.6 million in revenues which is 4.2% or \$78.5 million lower than the corresponding nine months period in 2021-2022. General market conditions were not favourable for the company's core services and the contributions from new services are not yet adequate to compensate for the slower growth in revenues.

For the nine months period under review, Total Expenses increased by 5%, from \$1,316.6 million to \$1,383 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 which were intended to develop the market for our newest service, LASCO Gold prepaid cards which was extended to the public in July 2022. Profit from Operations ended the period at \$376.6 Million, decreasing by \$144.9 million when compared with the previous year.

We closed the nine months period with net income of \$187.4 million, \$76.2 million below the previous year.

BALANCE SHEET HIGHLIGHTS

	Q3 2022 \$'000	Q3 2021 \$'000
CASH & SHORT-TERM DEPOSITS	1,519,485	1,602,766
TOTAL ASSETS	4,651,463	4,520,273
LONG TERM DEBT	1,462,596	1,471,256
DIVIDENDS PAID	64,011	51,209

Total assets increased year over year by \$131.2 million or 2.9% to close the period at \$4,651.5 million. 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.

Interim Dividends of \$64.0 million was paid on December 21, 2022 to shareholders on record as December 1. This is equivalent to \$0.05 per share, a slight improvement over the \$51.2 million paid at \$0.04 per share in the previous year.

CORPORATE SOCIAL RESPONSIBILITY

Our corporate social outreach activity for the quarter included the LASCO Money CSEC Fees Scholarship, where 18 grade 11 students from 9 schools were awarded a grant of twenty thousand dollars (\$20,000) each towards their CSEC fees. The grant ensured that these students will sit at least four (4) subjects in the 2022/23 CSEC examinations. We also collaborated with the LAS Chin Foundation in the LASCO Police of the Year Award by supplying all finalists with a LASCO GOLD Visa Prepaid Card, for them to receive their prize money.

CORPORATE GOVERNANCE

At the recent JSE Corporate Governance Awards, LFSL was awarded 2nd runner up for Best Practices – Corporate Disclosure & Investor Relations (Junior Market).

The JSE through the Corporate Governance Index Review Committee (CGIRC), the independent body with responsibility to measure how well a company conforms to the various principles of corporate governance, completed their assessment and LFSL received a CGI Rating of **A** (CGI Rating Score: **82.56**) for the year 2021/22. We congratulate the team for their ongoing efforts to maintain good governance.

OUTLOOK

As we approach our final quarter in our 2022-2023 financial year, we remain focused on those initiatives and strategies that drive growth of our services. We continue to operate from the BOJ regulatory sandbox, for our LASCO Gold prepaid card. To drive market awareness, we launched a campaign in December which will extend until the end of January. Cardholders who spend a minimum of \$10,000 automatically qualify for weekly prizes in cash or kind and also have the opportunity to win the grand prize of \$1M.

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 – DECEMBER 2022

	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 2022	31 DECEMBER 2021	31 December 2022	31 DECEMBER 2021	31 MARCH 2022
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
REVENUE						
Income		537,762	668,383	1,662,327	1,749,776	2,425,222
Other income		33,947	24,833	97,266	88,360	86,693
		<u>571,709</u>	<u>693,216</u>	<u>1,759,593</u>	<u>1,838,136</u>	<u>2,511,915</u>
EXPENSES:						
Administrative and other expenses		(327,414)	(271,455)	(919,565)	(826,088)	-1,104,952
Selling and promotion expenses		(155,446)	(188,282)	(463,390)	(490,478)	-746,987
		<u>(482,860)</u>	<u>(459,737)</u>	<u>(1,382,955)</u>	<u>(1,316,566)</u>	<u>(1,851,939)</u>
PROFIT FROM OPERATIONS		88,849	233,479	376,638	521,570	659,976
Finance cost		(28,749)	(30,058)	(83,469)	(123,407)	-166,895
PROFIT BEFORE TAXATION		60,100	203,421	293,169	398,163	493,081
Taxation		(29,495)	(73,368)	(105,812)	(134,520)	-186,632
NET PROFIT FOR THE PERIOD, BEING		<u>30,605</u>	<u>130,053</u>	<u>187,357</u>	<u>263,643</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>\$0.0240</u>	<u>\$0.1017</u>	<u>\$0.1471</u>	<u>\$0.2062</u>	<u>\$0.2405</u>

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31st DECEMBER 2022

	Note	UNAUDITED DECEMBER <u>2022</u> \$'000	UNAUDITED DECEMBER <u>2021</u> \$'000	AUDITED MARCH <u>2022</u> \$'000
ASSETS				
Cash and bank balances		744,198	998,218	961,515
Short term deposits		775,287	604,548	428,076
Loans and other receivables		1,878,906	1,645,288	2,021,495
Taxation recoverable		36,000	31,059	31,589
Deferred tax assets		107,087	123,329	105,713
Intangible assets		851,081	851,925	846,246
Property, plant and equipment		112,879	108,159	111,598
Right-of-use		146,025	157,747	157,582
TOTAL ASSETS		4,651,463	4,520,273	4,663,814
LIABILITIES AND EQUITY				
LIABILITIES:				
Payables		851,799	886,640	951,458
Related companies		-	-	12,812
Taxation		251,525	242,986	243,660
Deferred Revenue		-	-	9,569
Lease Liability		201,221	202,379	204,769
Loans		1,261,375	1,268,877	1,279,349
		2,565,920	2,600,882	2,701,617
EQUITY:				
Share capital	3	114,536	114,536	114,536
Share option reserve		2,117	2,117	2,117
Retained earnings		1,968,890	1,802,738	1,845,544
		2,085,543	1,919,391	1,962,197
TOTAL LIABILITIES AND EQUITY		4,651,463	4,520,273	4,663,814

Approved for issue by the Board of Directors on 9th February 2023 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 31st DECEMBER 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	-	-	263,643	263,643
Other comprehensive income	-	-	-	-
	<u>-</u>	<u>-</u>	<u>263,643</u>	<u>263,643</u>
Transaction with owners				
Issue of shares	9,667	-	-	9,667
Transfer from other reserves	2,205	(2,205)	-	-
Dividends paid	-	-	(51,209)	(51,209)
	<u>11,872</u>	<u>(2,205)</u>	<u>(51,209)</u>	<u>(41,542)</u>
Balance at 31 December 2021	<u>114,536</u>	<u>2,117</u>	<u>1,802,738</u>	<u>1,919,391</u>
Balance at 1 April 2022	114,536	2,117	1,845,544	1,962,197
Total comprehensive income:				
Net profit	-	-	187,357	187,357
Other comprehensive income	-	-	-	-
	<u>114,536</u>	<u>-</u>	<u>187,357</u>	<u>187,357</u>
Transaction with owners				
Issue of shares	-	-	-	-
Transfer from other reserves	-	-	-	-
Dividends paid	-	-	(64,011)	(64,011)
	<u>-</u>	<u>-</u>	<u>(64,011)</u>	<u>(64,011)</u>
Balance at 31 December 2022	<u>114,536</u>	<u>2,117</u>	<u>1,968,890</u>	<u>2,085,543</u>



LASCO FINANCIAL SERVICES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 9 MONTHS ENDED 31 DECEMBER 2022

	UNAUDITED 9 MONTHS ENDED 31 DECEMBER 2022 \$'000	UNAUDITED 9 MONTHS ENDED 31 DECEMBER 2021 \$'000	AUDITED 12 MONTHS ENDED 31 MARCH 2022 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit/(loss)	187,357	263,643	306,449
Items not affecting cash resources:			
Exchange loss/(gain) on foreign balances	(1,911)	(24,769)	(7,368)
Adjustment to Intangible Assets	-	-	45
Depreciation - right-of-use assets	11,557	9,006	13,950
Amortisation of Intangibles	4,327	9,398	21,815
Depreciation	15,311	29,587	24,973
Interest income from loans	(256,836)	(356,594)	(465,050)
Interest income from securities	(34,832)	(12,664)	(21,831)
Interest Income -Other	(7,053)	(13,534)	(14,599)
Taxation expense	105,812	134,520	194,961
Deferred taxation	(1,374)	(25,945)	(8,329)
Interest expense	73,101	114,017	152,925
Interest expense - right-of-use assets	10,351	9,390	13,970
Provision for impaired loss on loan	(41,072)	(23,102)	9,607
Loss on derecognition of right of use	-	-	(168)
	64,737	112,953	221,350
Changes in operating assets and liabilities			
Receivables	137,692	10,560	(392,320)
Related companies	(12,812)	(7,299)	4,561
Payables	(108,696)	17,287	199,623
	80,921	133,501	33,214
Interest received on Loans	298,395	377,876	494,925
Interest paid	(6,164)	(4,218)	(44,586)
Dividend Paid	(64,011)	(48,346)	(51,209)
Taxation paid	(96,585)	(867)	(81,398)
	212,555	457,946	350,946
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received- Securities	41,885	25,434	28,202
Additions to intangible assets	(3,889)	-	(1,131)
Additions to property, plant and equipment	(21,865)	(3,633)	(11,100)
Short term deposits	(347,211)	(291,711)	(108,539)
	(331,080)	(269,910)	(92,568)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	(67,878)	(81,237)	(147,743)
Issued shares	-	9,667	9,667
Loan Proceeds	90,000	1,300,000	1,300,000
Loan repayments	(107,032)	(1,484,549)	(1,505,121)
Lease payments	(13,899)	(10,845)	(18,394)
	(98,809)	(266,964)	(361,591)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
	(217,334)	(78,928)	(103,213)
Exchange (loss)/gain on cash balances	18	16,595	4,177
Cash and cash equivalents at beginning of period	961,515	1,060,551	1,060,551
	744,198	998,219	961,515
CASH AND CASH EQUIVALENTS AT END OF PERIOD			

LASCO FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st DECEMBER 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. LASMF has received a letter of non objection.

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

LASCO FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st DECEMBER 2022

2. BASIS OF PREPARATION:

The condensed unaudited consolidated financial statements for the nine (9) months ended December 31, 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)	187,357	263,643
Weighted average number of ordinary stock units ('000)	<u>1,274,042</u>	<u>1,278,306</u>
Basic earnings per stock unit	<u>\$0.1471</u>	<u>\$0.2062</u>