



Everyday Financial Value



LEADING THE GOLD STANDARD

2023 ANNUAL REPORT

TRIBUTE TO LASCELLES CHIN

SETTING THE GOLD STANDARD



The Honourable Lascelles Chin, OJ, CD, LLD (Hon. Causa) was an extraordinary child who became an extraordinary man. Born on December 5, 1937, he was raised by his wise grandmother Mary and kind uncle Dan in Kendal, Manchester. By age eight, he held two dreams close to his heart: to escape poverty and improve the lives of his fellow Jamaicans.

BECOMING LASCELLES

To drive those dreams into reality, he worked harder than most children his age. Between the ages of 9 to 12, while attending school in Balaclava, in St. Elizabeth, he worked in a family shop after school and did his homework by candlelight at nights.

At age 12, he entered Wolmers' Boy School in Kingston as a second former (eighth grader), armed with his undaunted

drive and resilience. Upon suffering complications from a hernia operation and feeling continuous physical discomfort at school, he went by himself to the Kingston Public Hospital for post-operative appointments and, though being able to complete his homework assignments only after working in a shop in the late afternoons, came top of his class in second, third and fourth forms.

As a young man, he learned how to sell successfully and build strong relationships with customers and suppliers, qualities which he took with him when he launched his own business with savings of £175. He worked long hours to sell several products, including Henkel products to customers in several parishes. Within a few years, he would write the letter that would change the trajectory of his life, proposing to the Germany-based multinational Henkel that he be appointed their national distributor.

At age 32, Lascelles Chin became the youngest chairman and CEO of a Henkel factory, then the globe's largest adhesives manufacturer, and achieved the goal of steering Henkel Jamaica to attain the highest sales per capita of any Henkel branch in the world.

Still in his thirties, he enjoyed two terms as the results-oriented President of the Jamaica Exporters Association in the 1970s. Though national exports underwent a decline during that decade, he significantly increased the exports of Henkel products to the Caribbean and Latin America.

Notwithstanding the demands of growing a business during the 1980s, Lascelles Chin threw himself enthusiastically into chairing the Jamaica Industrial Development Corporation (JIDC), becoming a major player in the team that helped 25,000 women gain employment in the garment industry.

Whilst chairing JIDC, he founded several businesses, two of which were LASCO Distributors and LASCO Manufacturing. LASCO steadily expanded, as it produced high quality foods at low prices and offered anti-retroviral medication at reduced prices to allow poor persons living with HIV to get treatment.

A MIND TO POSITIVITY

Together with LASCO Financial Services founded in 2004, these three companies not only rewarded shareholders but performed multiple acts of philanthropy through various community-inspired programmes. These included awarding high-performance teachers, nurses and policemen, supplying numerous scholarships, funding sports programmes, supporting environmental protection programmes and assisting the development of young entrepreneurs.

Despite his superb achievements, Lascelles Chin underwent disappointments and formidable challenges. Through birdsong, the vibrant colours of flowers and the bountiful shades of green on the Jamaican mountains, he recalibrated his mind to positivity. He experienced an enormous gratitude for life in his 80s, knowing he had attained critically important goals, including the thriving LASCO Affiliated Companies with the help of his team. Team LASCO meant a great deal to him. No one came around him without being positively impacted and Team LASCO remains grateful for the valuable lessons they learned from him, including great values like honesty, diligence, persistence and hard work.

A LEGENDARY LIFE

Most of all, Lascelles Chin enjoyed the company of friends and family. He leaves behind family, close friends, and colleagues who are all inspired by his legendary life. His grandchildren provided him with hope, renewed purpose and bouts of laughter. His seven children - Karen, Marie,

Wayne, Andrew (predeceased), Lisa, David and Richard - enjoy cherished memories of him as a warm, fun loving and involved father. He is also survived by his greatly beloved wife, Dr. Eileen Chin, who supplied the joys of a wonderful family life with wisdom, humour, humanity and an abiding love.

Lascelles Chin lived a life worthy of emulation in every respect, for his good works and service to his fellow Jamaicans.



The Hon. Lascelles Chin's visionary leadership, unparalleled dedication, and remarkable contributions have left an indelible mark on our organization and the country as a whole. He will be remembered as a true driving force behind LASCO Financial Services' success.

He worked tirelessly to build the legacy we know and love as brand LASCO!

Mr. Chin's is inextricably written into the fabric of Jamaica both home and abroad.

He leaves a profound legacy of service, setting the Gold Standard, of

Being the best...Always!

- Thank you Chairman

From the Management and Staff of LASCO Financial Services Ltd. and its subsidiary.



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LEADING THE GOLD STANDARD

Being one of Jamaica's leading non-bank financial institutions, LASCO Financial Services Limited has set the Gold Standard by continuously providing top tier financial services that meet the everyday needs of both individuals and businesses.

As a pioneer within the financial industry as a non-bank entity, it comes as no surprise that our model has been emulated by others over the years.

MISSION

To provide quality products and services to our customers, ensure profitability and promote employee development.

***Being the best...
Always!***

VISION

To become a global corporate leader, through innovation and entrepreneurship.

Driven by a passion for excellence and compassion for our fellow man, we will make LASCO a world name, synonymous with integrity, value and service.

CORE VALUES

CARE FOR OUR CUSTOMERS

We respect our customers' time and privacy.

COMMITMENT

We are committed to achieving success for our team, agents and shareholders.

INTEGRITY

In dealing with our customers, agents, staff and shareholders.



NOTICE OF 13TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of LASCO FINANCIAL SERVICES LIMITED will be held on Wednesday, October 4, 2023 at 9:00 a.m. in the Montego Suite Room at the Jamaica Pegasus Hotel, 81 Knutsford Boulevard, Kingston 5, and via electronic means which can be accessed at www.LASCOjamaica.com/financial/. This meeting is called to consider and if thought fit, to pass the resolutions set out hereunder:

ORDINARY RESOLUTIONS

1. AUDITED ACCOUNTS

To receive the audited accounts for the year ended March 31, 2023, and consider and if thought fit, pass the following resolution:

“**THAT** the Audited Accounts for the year ended March 31, 2023, and the Reports of the Directors and Auditors, circulated with the notice convening the meeting, be and are hereby adopted.”

2. RATIFICATION OF DIVIDEND

To consider and if thought fit, pass the following resolution:

“**THAT** the Interim Dividend of \$0.05 per stock unit paid on December 21, 2022, to stockholders on record at the close of business on December 1, 2022, be declared final for the year 2022.”

3. ELECTION OF DIRECTORS

Article 102 of the Company’s Articles of Incorporation provides that one-third of the Directors, if their number is not three (3) or a multiple of three (3), the number nearest one-third (1/3), shall retire from office at each Annual General Meeting.

Article 103 of the Company’s Articles of Incorporation further states that the Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

The Directors retiring under these Articles are Mr. Colin Maxwell and Mr. Vincent Chen and being eligible, offer themselves for re-election.

The proposed resolutions are therefore as follows:

To consider and if thought fit pass the following resolution:

(i) “**THAT** retiring Director Mr. Colin Maxwell be and is hereby re-elected a Director of the Company.”

To consider and if thought fit pass the following resolution:

(ii) “**THAT** retiring Director Vincent Chen, be and is hereby re-elected a Director of the Company.”



4. DIRECTORS REMUNERATION

Article 82 of the Articles of Incorporation empowers the Directors or any appropriate Committee of the Board of Directors to fix the remuneration of the Directors.

To consider and if thought fit, pass the following resolution:

- (i) **"THAT**, the remuneration of the Directors be fixed by the Compensation Committee of the Board.

Article 123 empowers the Directors, or any appropriate Committee of the Board of Directors, to determine, the remuneration of the Managing Director."

To consider and if thought fit, pass the following resolution:

- (ii) **"THAT**, the remuneration of the Managing Director be fixed by the Compensation Committee of the Board.

5. REMUNERATION OF AUDITORS

To consider and if thought fit, pass the following resolution:

- (i) **"THAT** the remuneration of the Auditors, BDO, be fixed by the Directors of the Company".

Dated this 28th day of June 2023

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read "Vincent A. Chen".

Vincent A. Chen

Company Secretary

NOTES:

1. A Member of the Company entitled to attend and vote at this meeting is entitled to appoint another person as his/her Proxy to attend and vote in his/her stead. A Proxy need not be a Member of the Company.
2. All Members are entitled to attend and vote at the meeting.
3. Enclosed is a form of Proxy which must be deposited with the Secretary at the registered office of the Company not less than 48 hours before the time appointed for holding the meeting; or, to the Registrar and Transfer Agent, Jamaica Central Securities Depository, 40 Harbour Street, Kingston.
4. Further information on how to participate in the meeting is available on the Company's website at www.LASCOjamaica.com/financial/



**NET PROFIT
FOR THE YEAR**

\$213.9M

FINANCIAL COST

\$116M

TAXATION

\$114.9M

**NET PROFIT
BEFORE TAXATION**

\$328.9M

TOTAL REVENUE

\$2.273B

ADMINISTRATIVE AND OTHER EXPENSES

\$1.18B

**SELLING AND
PROMOTION
EXPENSES**

\$646M

FINANCIAL HIGHLIGHTS



CORPORATE DATA

Registered Office

LASCO Financial Services Limited

27 Red Hills Road

Kingston 10

Jamaica, W.I.

Tel: (876) 960-7473

(876) 920-0322

Fax: (876) 960-4595

Website: www.LASCOjamaica.com/financial

Board of Directors

Executive Directors

Hon. Lascelles Chin, OJ, CD, LLD (Hon. Causa)

Executive Chairman

Mrs. Jacinth Hall-Tracey, B.A (Hons.) MBA

Managing Director

Non-Executive Directors:

Mr. James Rawle, MSc

Dr. Eileen Chin, MBA

Mr. Compton Rodney, B.Sc. (Econ) FCA, FCCA

Hon. R.N.A. Henriques, OJ, Q.C.

Mr. Vincent Chen

Mr. Colin Maxwell, FCA, FCCA

Company Secretary

Mr. Vincent A. Chen

Attorney-at-law and Notary Public

Senior Managers

Mrs. Jacinth Hall-Tracey, B.A. (Hons.) MBA

Managing Director

Mr. Norris Clarke, FCA, FCCA

Group Chief Financial Officer

Ms. Denise West B.Sc., LLB (Hons.) CLE

Group Chief Compliance Officer

Mrs. Nordel Leach Murphy B.Sc., Dip., ED

Human Resource Manager

Attorneys-at-Law

Chen Green & Company

6 Haining Road

Kingston 5

Jamaica, W. I

Bankers

CIBC First Caribbean International Bank

Jamaica Limited

23-27 Knutsford Boulevard

Kingston 5

Jamaica, W.I.

National Commercial Bank Jamaica Limited

94 Half Way Tree Road

Kingston 10

Jamaica, W.I.

Auditors

BDO

26 Beechwood Avenue

Kingston 5

Jamaica, W.I.

Registrar and Transfer Agents

Jamaica Central Securities Depository

40 Harbour Street

Kingston

Jamaica, W.I.

TOP TEN SHAREHOLDINGS

AS AT MARCH 31, 2023

NAMES	JOINT HOLDERS	UNITS	PERCENTAGES
East West (St. Lucia) Ltd		382,972,852	29.91
Lascelles A. Chin		380,731,480	29.73
Mayberry Jamaican Equities Limited		263,774,129	20.60
Jacinth A. Hall-Tracey		15,644,712	1.22
Manwei International Ltd.		13,959,095	1.09
Michael A. Campbell		12,363,280	0.96
Mayberry Managed Clients Account		9,259,066	0.72
Guardian Life Limited/Pensions Fund		7,929,410	0.61
Wayne M. Chin		7,119,650	0.55
PWL Bamboo Holding Limited		6,934,876	0.54

DIRECTORS' INTERESTS & CONNECTED PARTIES SHAREHOLDINGS

AS AT MARCH 31, 2023

NAMES	POSITION	UNITS	PERCENTAGES
	**CONNECTED PARTIES		
Jacinth Hall-Tracey		15,644,712	1.222
Compton Rodney		1,000,000	0.0781
Roald N.A. Henriques		3,350,344	0.2617
Lascelles Chin		380,731,480	29.7393
	*Eileen Chin - Direct	{ 98,060}	0.0076
	*East West St. Lucia	{382,972,852}	29.9144
Eileen Chin		98,060	0.0076
	*Lascelles Chin - Direct	{380,731,480}	{29.7393}
Colin Maxwell		0.00	0.0000
James Rawle		0.00	0.0000
Vincent Chen		0.00	0.0000

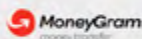
SENIOR MANAGERS & CONNECTED PARTIES SHAREHOLDINGS

AS AT MARCH 31, 2023

NAMES	POSITION	UNITS	PERCENTAGES
	**CONNECTED PARTIES		
Jacinth Hall-Tracey		15,644,712	1.2220
Norris Clarke		0.00	0.0000
Nordel Leach-Murphy		0.00	0.0000
Denise West		0.00	0.0000





Providing
"EVERYDAY FINANCIAL VALUE"



Serving the
everyday
Jamaican
for over
18 years.

www.lascojamaica.com/financial

Follow us on  

@lascomoney | lascomicrofinance

ABOUT US: WHO WE ARE

LASCO Financial Services Limited (LFSL) is a Licensed non-bank financial services provider in Jamaica, committed to giving all Jamaicans access to personal financial transactions anywhere and anytime. LFSL has entered a number of key partnerships to enable it to provide services that address some pressing financial challenges of consumers and businesses; transforming the way customers receive and send remittances and the way merchants make and receive payments. We also provide financing for major and small events for personal as well as business purposes, making financial empowerment more accessible for all. It is LFSL's mission to enable financial inclusion for underbanked customers and small merchants in addition to medium and small entrepreneurs (MSMEs).

As a licensed and regulated group, LFSL and its subsidiary LASCO Microfinance limited ensure compliance with all applicable Anti-money laundering laws, regulations and requirements for Money Service Businesses including

best practice for strong corporate governance policies and procedures. We also employ an enterprise wide risk management framework to plan for and mitigate against strategic and operational risks which could impact our industry and business.

OUR SERVICES

We offer financial services to a broad group of consumers and businesses, ranging from non-banked to fully-banked consumers and merchants. Our products and services are organized under four distinct pillars serving the below segments:

1. Direct to Consumer Services
2. Direct to Business Services
3. Business to business services
4. Bulk cash disbursements & collection.



WHAT WE DO



REMITTANCE SERVICES

- MoneyGram
- BOSS Revolution
- Ria



PAYMENT SOLUTION: VISA PREPAID CARD

- Shop Online or In-Store
- Transfer funds (Card-to-Card)
- Load funds
- Receive remittance (Visa Direct)
- Corporate: B2B, B2C – providing businesses and institutions with solutions to pay employees and customers



CAMBIO SERVICES

- Corporate Trading
- Retail Trading
- Cash Reservation
- Cash Collections



LOAN SERVICES

- Personal
- Microbiz
- Staff & Affiliates



ECOMMERCE

- LASCO BIZ Webstore
- LASCO BIZ E-LINK
 - Payment Button
 - QR Code
 - HTML Button
 - Unlimited Invoices

OUR PARTNERS



COMING SOON



OUR INDUSTRY

We compete against companies and financial institutions across the retail banking, financial services, transaction processing, cash disbursement, micro credit and financial technology services. Our business is highly dynamic and depends heavily on margins we earn from consumer fees from services we provide on behalf of key partners and interest earned from financing of loans.

We compete primarily on the basis of the following:

- breadth of distribution and strength of agent network
- reliability of cash services and foreign currency
- digital financial products & services
- interest rates from loans
- scalability of platform services
- customer satisfaction
- compliance and regulatory capabilities
- brand recognition and reputation
- good governance
- staff commitment and operational agility

CORPORATE INITIATIVES

LFSL supports initiatives on an annual basis, dedicated to education, sports and community development through culture. Some of the key initiatives supported on an annual basis include the Jamaica Cultural Development Commission's Festival Queen Competition and the Scholarships granted to high school students to pay for CSEC subjects for up to 20 students each year. LFSL also achieves several social missions through the financial support of the LASCO Chin Foundation which targets at risk youths.



MORE WAYS TO RECEIVE MONEY IN JAMAICA

Tell your loved ones to send to Jamaica with:



SCAN HERE TO SIGN UP



Receive your next money transfer into your bank account with LASCO Money Skip Di Line

www.lascojamaica.com/financial/skipdiline/



TEN YEAR FINANCIAL HIGHLIGHTS

Year ended 31 March

2023

2022

2021

2020

REVENUE AND EXPENSES	\$'000	\$'000	\$'000	\$'000
Total Revenue	2,273,336	2,511,915	2,293,041	2,507,304
% change over prior year	-9%	10%	-9%	13%
Administrative and other expenses	1,180,906	1,104,952	1,079,791	1,082,153
% change over prior year	7%	2.33%	-0.22%	23%
Selling and Promotion Expenses	646,830	746,987	765,820	1,194,837
% change over prior year	-13%	-2%	-36%	56%
Finance Cost	116,640	166,895	187,047	208,345
% change over prior year	-30%	-11%	-10%	23%
Net Profit Before Taxation	328,960	493,081	260,383	21,969
% change over prior year	-33%	89%	1085%	-94%
Taxation	114,998	186,632	103,631	78,887
% change over prior year	-38%	80%	31%	-31%
Net Profit for the Year	213,962	306,449	156,752	-56,918
% change over prior year	-30%	95%	375%	-120%

STATEMENT OF FINANCIAL POSITION

Short Term Deposits and Cash Equivalents	1,630,062	1,389,591	1,373,311	722,931
% change over prior year	17%	1%	90%	100%
Total Assets	4,560,051	4,663,814	4,300,542	3,962,905
% change over prior year	-2%	8%	9%	2%
Total Liabilities	2,450,020	2,701,617	2,603,252	2,422,834
% change over prior year	-9%	4%	7%	5%
Total Stockholder's Equity	2,110,031	1,962,197	1,697,290	1,540,071
% change over prior year	8%	16%	10%	-3%

FINANCIAL RATIOS

Basic Earnings Per Share (\$)	0.1671	0.2405	0.1237	-0.0449
Diluted Earnings Per Share (\$)	0.1671	0.2393	0.1225	-0.0444
Book Value Per Share	1.6482	1.5327	1.3359	1.2126
Market Price Per Share (JSE closing price - J\$)	2.49	3.52	2.69	2.61
Number of issued shares	1,280,227,725	1,280,227,725	1,270,561,058	1,270,094,391
Market Capitalisation (J\$)	3,187,767,035	4,506,401,592	3,417,809,246	3,314,946,361
Dividend Per Share (\$)	0.05	0.04	0	0
Dividend Payout Ratio	0	0	0	0
Dividends for the respective period*	64,011	51,209	0	0
Price Earnings Ratio	15	15	22	-58
Efficiency Ratio (admin exp./revenue)	51.95%	43.99%	47.09%	43.16%
Net Profit Growth (%growth)	-30%	95%	375%	-120%
Return on Average Equity	10.14%	16.75%	9.68%	-4%
Return on Average Assets	4.63%	6.84%	3.79%	-1%
Number of employees	201	164	192	214

* paid subsequent to the year end



2019	2018	2017	2016	2015	2014
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2,211,508 36%	1,620,265 51%	1,070,591 23%	870,009 22%	713,477 14%	628,546 30%
880,422 41%	624,994 56%	401,402 31%	307,261 37%	224,183 12%	199,395 18%
765,641 29%	593,035 37%	432,874 27%	341,460 15%	298,062 18%	252,273 66%
168,800 153%	66,819 1280%	4,843 1423%	318 99%	160 -18%	195 -48%
396,645 18%	335,417 45%	231,472 5%	220,970 16%	191,072 8%	176,683 8%
114,890 82%	81,133 86%	43,694 256924%	17 0%	- 0%	- 0%
281,755 11%	254,284 35%	187,778 -8%	203,379 6%	191,072 8%	176,683 8%
360,723 -17%	435,040 -33%	647,424 39%	464,910 -9%	512,645 30%	395,174 109%
3,893,393 15%	3,386,101 117%	1,560,281 36%	1,149,599 13%	1,015,223 25%	810,726 27%
2,301,834 14%	2,016,467 398%	404,839 162%	154,580 -24%	202,889 27%	159,458 -3%
1,591,589 16%	1,369,634 19%	1,155,442 16%	995,019 22%	812,334 25%	651,268 37%
0.2228	0.2021	0.1504	0.1655	0.1560	0.1439
0.2228	0.1995	0.1474	0.1619	0.1521	0.1436
1.2585	1.0830	0.9210	0.8006	0.6615	0.5303
4.54	4.88	3.60	2.71	1.08	1.20
1,264,694,391	1,264,694,391	1,254,577,725	1,242,769,657	1,228,102,990	1,228,102,990
5,747,712,535	6,171,708,628.08	4,516,479,810.00	3,367,905,770.47	1,326,351,229.20	1,473,723,588
0	-	0.040	0.035	0.0311	0.030
0	-	26.74%	21.39%	19.99%	20.85%
0	-	50,208	43,497	38,195	36,844
20	24	24	16	7	8
39.81%	38.57%	37.49%	35.32%	31.42%	31.72%
11%	35%	-8%	6%	8%	8%
19%	20%	17%	23%	26%	31%
8%	10%	14%	19%	21%	24%
185	138	82	69	39	39

MESSAGE TO SHAREHOLDERS



Dear shareholders, clients, employees and members of the communities we serve, it is our pleasure to present LASCO Financial Services Limited's (LASF) annual results for April 2022 to March 2023. Herein we will share our reflections on the environment and the Group's most relevant milestones this year and our efforts to create value for all our stakeholders.



Jacinth Hall-Tracey
Managing Director

First, however, it is with a heavy heart that we pay tribute to our esteemed Chairman, Honourable Lascelles Chin who passed away subsequent to the financial year end on May 27. His leadership, vision, and unwavering dedication to our company and to you, our stakeholders will be greatly missed. Mr. Chin played an instrumental role in shaping LASCO Financial Services into the thriving institution it is today, and his loss is deeply felt by all of us. We extend our deepest condolences to his family and loved ones.

FINANCIAL INCLUSION

Our key purpose at LASF is financial inclusion for the average Jamaican, as such we provide retail financial services which do not require a bank account. We are convinced that by following our purpose, and being mindful of the competitive and dynamic nature of our industry, we will continue to adapt to new scenarios as we navigate difficult times. It is our aim to contribute to improving our customers' lives by being at the forefront of the changes needed to advance access to digital financial transactions. We strive to steer all our efforts in this direction as we place our clients at the center of our decisions.

We are more conscious than ever that in our country which is characterized by fairly high levels of access to the internet but low levels of financial inclusion and high volumes of inbound remittance transactions, opportunities abound for banks and new players with ambitions to reinvent the financial sector by leveraging advanced technologies. These are the conditions within which we produced the following financial results.

LASCO Financial Services exhibited resilience and adaptability during the financial year. Total revenues for the year stood at an impressive \$2.273 billion, accompanied by a profit from operations of \$445.6 million. Net profit amounted to \$213.9 million, resulting in earnings per share of \$0.1671.

DOMINANT INCOME EARNER

Our remittance business continues to be our dominant income earner in spite of its earnings falling below revenues of the previous year. The global trends that continue to transform our industry have resulted in lower consumer fees thereby pushing us to be innovative in our strategies to scale our transactions. When compared with the 2022

results, our total revenues declined by 9% and Net Income declined by 30%. A large contributing factor was that we took advantage of certain opportunities in the previous year which gave us significant increases. When compared with the 2021 financial year, our Net Income increased by 36.5%, which gives us the confidence that we are on the right path.

Rapid growth in technologies is playing an increasingly large role in Jamaica. Access to digital financial services currently makes our industry one of the most dynamic ecosystems. LASF also played a role in pushing access to our customers through its LASCO Gold Visa Prepaid card which is being tested in the BOJ's Fintech Regulatory Sandbox. We began offering these services to the general public in July 2022 and we were able to book a decent contribution to income at March year end. The associated costs are high and we are pushing to make breakeven on these services by the end of the 2024 financial year, conditions allowing.

INNOVATIVE STRATEGIES

We have mentioned that we continue to push innovative strategies to diversify and grow transactions to maintain our pace of growth. One such service is our ability to leverage our distribution network for cash even as we try to transition our customers to more digital services. We do have multiple partners for whom we disburse cash or collect cash and these fees contribute to our other income.

Our other business lines are fueled by our drive to provide access to financial services for our customers. We have added a new customer base of merchants for whom we provide ecommerce services. Our LASCO Biz merchant aggregation service enables small merchants to accept card payments and to set up a webstore at very affordable rates. With the change in consumer behaviour towards conducting transactions we anticipate that this service will be scaling significantly in the coming months.

This year, we continued to work with the government to distribute pandemic relief aid to Public Passenger Vehicle (PPV) Transport Operators through our agent network. We also offered financing facilities to alleviate the financial pressure on our clients in the most vulnerable segments in association with the Development Bank of Jamaica's special loan packages, SERVE Loans. Over \$100 million was disbursed to these MSMEs at 5% per annum.

KEY WINS

Some key wins for us within the year were our ability to anticipate the needs of our customers and to always be at the forefront of the digital transformation. This comes at a great cost however, as Jamaicans are still at an early stage of adoption of digital financial services. Our key enabler is our ability to keep fairly solid results from our remittance and Cambio business which generate a substantial amount of cash. We are convinced that by anticipating the evolution of

our market's needs and constantly innovating to meet them, we will assure the competitiveness of our operations in the long-term.

SETBACKS

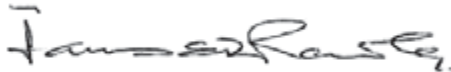
Some setbacks for us are the performance of our subsidiary company, LASCO Microfinance which reported a loss of \$27 million. This company was acquired just prior to the pandemic and experienced aggressive growth and profitability 2018 and 2019. The pandemic had a significant impact on the ability of borrowers to honour their debt and significant provisions for loan loss reduced profitability. Since 2020, several processes have been put in place to de-risk the business which includes adjusting the targeting of our customers. We had a high concentration of micro-business customers who are vulnerable to economic shocks. We have since reduced the exposure to this segment, thereby improving the quality of the portfolio. In 2022, we began pushing for growth of our portfolio and expect that this company will recover its profitability by the end of the 2024 financial year.

CONTRIBUTING TO IMPROVING LIVES

Finally, we look towards the future with optimism and great enthusiasm. As always, we are set to take advantage of opportunities and tackle new challenges. We are very grateful to our Chairman, who taught us to be resilient. We are also very grateful for the dedication of our teams and agent network who have made it possible to continue contributing to improving lives and being the enablers of change. The business environment is becoming very hostile to agents who are caught in the middle of a transitioning business model. We at LASCO Financial have been operating in a hybrid model which allows our agents to coexist with digital technology, keeping them relevant in their communities. We would like to express our thanks to the Agent network, all our key partners, our team members and Directors. We commit to continually embrace dynamism as we continue our journey toward growth and sustainability.



Jacinth Hall-Tracey, *Managing Director*



James Rawle, *Director*

THE BOARD OF DIRECTORS



Jacinth Hall-Tracey

MBA, BA (HONS)

Managing Director

Mrs. Jacinth Hall-Tracey has led the growth, expansion and transformation of the LASCO Financial Services Group for over 18 years. The company is a key industry player in the Remittance, Cambio and Micro loans industries and is now embarking on making a significant mark in electronic retail payment services, providing access to more financial services for the Company's main customer base, the unbanked.

With over 31 years' experience in leading teams including over 21 years developing companies in the financial services sector, Mrs. Hall-Tracey has acquired the insight and expertise to guide the strategic direction of the LASCO Financial Services Group.

Her other Board positions include LASCO Manufacturing Limited, LASCO Distributors Limited and LASCO Microfinance Limited. She holds an MBA from Herriot Watt University, Edinburgh Business School, a certificate in Director's Strategic Guide to Corporate Governance and Leadership and in 2020 completed the Frankfurt Business School's Certified Expert in Microfinance course and the Digital Shift Compliance Course from the Platinum Network.

James E. D. Rawle

MSC

Non-Executive Director

Mr. James E. D. Rawle is the Managing Director of LASCO Manufacturing Limited and sits on the Board of LASCO Distributors as a Non-Executive Director. He did undergraduate studies in Natural Sciences at the University of the West Indies from which he also holds the Master of Science degree in Organic Chemistry. He brings to the Board a wealth of knowledge and experience, having served in various senior managerial positions, at one of the leading multinational food companies in the world for over 42 years. His extensive training in Organic Chemistry has been the base for his far-reaching work in manufacturing, new product research and development, as well as production and plant management. He also has extensive functional experience in brand management, sales, marketing, finance and strategy formulation and execution.

Mr. Rawle has been past Chairman of several Public entities, including The Board of the Bureau of Standards, The Scientific Research Council, The Natural Resources Conservation Authority, The Environmental Foundation of Jamaica, Nutrition Products Limited and The Cocoa Industry Board.

THE BOARD OF DIRECTORS



Dr. Eileen A. Chin

MBA

Non-Executive Director

Dr. Eileen A. Chin is a Non-Executive Director of the Company. Born in Havana City, Cuba, Dr. Chin holds a post graduate degree in medicine from the Havana University School of Medicine. She specialized and taught histology from 1993 to 1998 at the Girón School of Medicine, and migrated to Jamaica in 1998.

Dr. Chin joined the LASCO Group of Companies in 1999 serving in several positions including marketing, product and label development and international business development for Central and South American markets. She was appointed General Manager of LASCO Foods (Successors) Limited in 2008 and she was appointed Managing Director of LASCO Manufacturing Limited in 2015, where she implemented US\$18M expansion of the manufacturing facility. She served in this position until 2015.

Dr. Chin holds an MBA in Global Management and has received knowledge and skills development training in Advanced Negotiation, Risk Management and Lean Six Sigma.

Dr. Chin currently serves as a member of the Board of Directors of LASCO Manufacturing Limited and LASCO Distributors Limited. She is also a member of the Portia Simpson Miller Foundation.

Compton Rodney

B.SC. (ECON), FCA, FCCA

Independent/Non-Executive Director

A Chartered Accountant, a Fellow of the Chartered Association of Certified Accountants (U.K.) and a Fellow of the Institute of Chartered Accountants of Jamaica, Mr. Compton Rodney also holds a B. Sc. (Economics) degree from the University of London.

He is the Registrar of the Public Accountancy Board. Director of the Sports Development Foundation and chairman of its Audit and Human Resources Committees and a member of its Finance Committee.

Mr. Rodney served as the Honorary Secretary/Treasurer of the American Chamber of Commerce (AMCHAM) for 28 years and as the Honorary Treasurer of the Jamaica Olympic Association over 20 years. For many years he served as Vice-Chairman of the Kingston Technical High School Board of Management as well as the Chairman of the Multi-care Foundation.

In 2009, Mr. Rodney was the recipient of the Distinguished Members Award from the Institute of Chartered Accountants of Jamaica.

Mr. Rodney also serves as a Director on the Board of LASCO Manufacturing Limited.

THE BOARD OF DIRECTORS



Hon. R.N.A. Henriques

OJ, QC

Independent/Non-Executive Director

Hon. Roald Henriques is a former senior partner of the law firm of Livingston, Alexander & Levy with over fifty-two years of experience in legal practice. He was called to the Bar at Lincoln's Inn, London in 1961, admitted to practice in Jamaica in 1962 and appointed Queen's Counsel in 1981.

Mr. Henriques obtained the Bachelor of Laws Degree (LLB) in 1959 and the Master of Laws Degree (LLM) in 1961 from the University of London.

He has practiced in several Caribbean jurisdictions in particular Anguilla, The Bahamas, Belize, The British Virgin Islands, Cayman Islands, Grenada, and the Turks and Caicos Islands and has appeared several times in the Eastern Caribbean Court of Appeal and the Judicial Committee of the Privy Council. He has appeared in several leading landmark cases in particular constitutional, pension, commercial and several intellectual property cases involving trademark on behalf of International Companies.

Mr. Henriques was honoured by the Bar Association on the 30th July 2004. He has lectured for twenty-five (25) years at The University of the West Indies on Constitutional and Administrative Law and was awarded the Order of Jamaica in 2008 for his contribution to the legal profession.



Vincent A. Chen

ATTORNEY-AT-LAW AND NOTARY PUBLIC

Non-Executive Director

Mr. Vincent Anthony Chen holds the position of Director and Company Secretary for the LASCO Affiliated Companies - LASCO Distributors, LASCO Manufacturing and LASCO Financial Services Limited. He also serves as General Counsel for all three companies as well as Chief Legal Officer. Mr. Chen's duties include ensuring that the Company abides by the standard legal and financial practices along with maintaining Corporate Governance.

Mr. Chen has over 56 years of experience in the field of law, completing the Solicitors Qualifying examinations administered by the LAW Society in England. He is a partner at the law firm Chen, Green and Company as well as a Notary Public for Jamaica. He is qualified as a Barrister and Solicitor in British Columbia, Canada and as a Solicitor of the Supreme Court in England.

Mr. Chen was appointed as Non-Executive Director for LASCO Distributors Limited on February 1, 2016 and LASCO Financial Services Limited on February 12, 2019. He is a Board member of Level Bottom Farms and Supplies Limited, and Vanda Limited. Mr. Chen formerly served as the Chairman of Salada Foods Jamaica Limited.



Colin Maxwell

FCCA, FCA

Independent/Non-Executive Director

Mr. Colin Maxwell was appointed Non-Executive Director to the Board of Directors of LASCO Financial Services Limited on May 8, 2020.

Mr. Maxwell brings a wealth of knowledge and experience to the Board with over 38 years' experience in Public Accounting. He is a graduate of the College of Arts, Science and Technology (now University of Technology) where he received a Diploma in Accounting (Hons.). Continuing his studies, he became a Fellow of the Association of Chartered Certified Accountants based in the United Kingdom, and the Institute of Chartered Accountants of Jamaica.

Mr. Maxwell was a pioneer in computer audit in Jamaica, having been trained as a computer audit specialist in Canada and the United Kingdom, early in his career. He had also done a short tour of duty in Canada. He has presented papers at seminars on topics such as computer assisted auditing techniques and the audit implications of new banking regulations. He has had extensive experience in leading audit engagements for a wide range of clients across varying industries.



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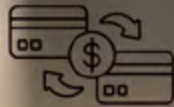


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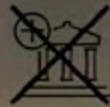
- SWIPE
-
- CHIP
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- TAP & GO



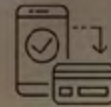
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DIRECTORS' REPORT

The Directors of LASCO Financial Services Limited are pleased to present their report for the financial year ended March 31, 2023.

FINANCIAL RESULTS

	\$'000
Profit before Taxation	328,960
Taxation	114,998
Net Profit for the year	<u>213,962</u>
Earnings per ordinary stock unit (Cents per share)	<u>16.71c</u>

The results for the year were approved by the Board on May 29, 2023 and a comparison with the previous year is set out in the Consolidated Statement of Profit or Loss and other Comprehensive Income on Page 75 .

DIVIDEND

On December 21, 2022, the Company paid an interim dividend of \$0.05 per share to all Shareholders on record at December 1, 2022. No further dividend was paid in respect of the year under review.

DIRECTORS

Articles 102 and 103 of the Articles of Incorporation of the Company, provide for the rotation of Directors at the Annual General Meeting. The Directors retiring under these Articles are Mr. Colin Maxwell and Mr. Vincent Chen and being eligible offer themselves for re-election

Pursuant to Article 122 of the Articles of Incorporation of the Company, the Managing Director while holding office shall not be subject to retirement by rotation. The Managing Director, who is subject to this Article is Mrs. Jacinth Hall-Tracey.

PASSING OF CHAIRMAN

On May 27, 2023, our Executive Chairman, Honourable Lascelles Chin, OJ, CD, LLD (Hon. Causa) passed away. His achievements which went beyond his entrepreneurship will long be etched in our memories. We are heartened by the fact that our former Chairman impacted so many lives, leaving a lasting and irreplaceable legacy.

APPOINTMENT OF CHAIRMAN

On June 15, 2023, Mr. James E.D. Rawle, CD was elected Chairman of the Board of Directors of LASCO Financial Services Limited. Mr. Rawle will function in the position of Executive Chairman also, and has assumed the responsibilities of the late, Executive Chairman, Hon. Lascelles Chin.

The Directors take this opportunity to thank its employees, who continue to provide fast and efficient service to our customers. Special thanks to all our remittance agents, corporate as well as retail cambio customers, our new cardholders and merchants and loan customers who continue to support our business and to our shareholders and stakeholders for their confidence in the Company.

Dated this 28th day of June, 2023
BY ORDER OF THE BOARD

Mr. Vincent A. Chen
Company Secretary

CORPORATE SOCIAL RESPONSIBILITY

LASCO Financial Services Limited remains committed to nation building by giving back to the communities in which we serve and making a positive impact in the lives of our fellow Jamaicans. We continued to align our CSR efforts with the steady recovery from the Covid-19 pandemic as we placed focus on projects that contributed greatly toward Education, Health, Culture, Civil Services and Community Development.



Education:

LFSL, on our mission to support the nation's children through education joined Corporal Andrew Williams' cause to bridge the gap between the Jamaica Constabulary Force (JCF) and citizens. Mr. Williams, who is widely known for his many benefactions through random acts of kindness by way of his "Positive Initiative" foundation partnered with LFSL to provide back to school supplies to students at the Primary School level. This year's recipients from the Edward Seaga Primary School received back to school supplies toward the new school year.

Our annual CSEC Scholarship programme remained a priority throughout the pandemic. Through this programme, secondary scholarships are awarded to students sitting the annual Caribbean Secondary Education Certificate (CSEC) examinations locally. Scholarships have become even more desirable among both parents and students as a result of the pandemic which created job losses, leading to financial constraints. LFSL, in its mission to champion students who have demonstrated perseverance to overcome adversity and achieve their academic goals, doubled the number of recipients this year. Instead of the usual ten schools, we gave back to students from twenty schools. Each student received \$25,000 each to cover their CSEC examination fees, at a total of \$1,000,000.



Health:

LFSL continues to support the health sector in collaboration with the LASCO Chin Foundation and the Nurses Association of Jamaica (NAJ) Nurse of the Year & Nurse Student of the Year Award Ceremony, this year by providing prize monies to the recipients on LASCO GOLD Visa Prepaid Cards.

LFSL contributed to improving the health of a long-standing Police Officer who was in need of treatment to recover from a dire illness. A fund-raising event was established to generate funds to aid his surgery. LFSL, through our commitment toward supporting our nation's civilians, contributed to his treatment by purchasing 20 tickets for the event.



Culture:

LFSL, through our consumer-facing brand LASCO Money, has supported the cultural development programmes and initiatives for over 9 years as we continue to fuel programmes that augment the lives of our fellow Jamaicans. Between August 1 and 6, 2022 the full force of the company's support of our island's rich heritage, civic pride and nationalism were on display during the Jamaica Cultural Development Commission (JCDC) annual National Independence Festivities at the National Arena. LASCO Money committed approximately \$1 million toward the Miss Jamaica Festival Queen coronation.



Civil Services:

LASCO Financial Services Limited's continued support toward our civil servants was sustained through our continued teamwork within the LASCO Affiliated Companies. LFSL provided gift packages for all contestants in this year's programmes which included the LASCO Police, Teacher and Nurse of the Year awards which highlighted the contributions made by our national devotees to our society.



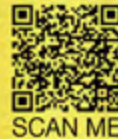
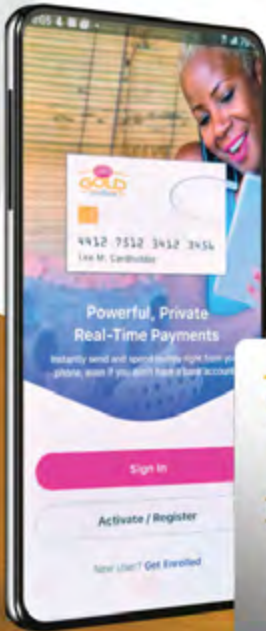
Child's Month Projects: New Baby Grand and New Life Prep Handovers

The social wellbeing and development of our nation's children is very important to us. For our 2022 Labour Day initiative, LFSL decided to assist facilities a little closer to home that catered to our younger children. We visited the New Baby Grand Development Centre, located within the State Gardens Community on Washington Boulevard and the New Life Preparatory School at 33 Red Hills Road, where the LFSL team provided gift packages and food items to both institutions.

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CORPORATE GOVERNANCE



The highest standards of risk management are pursued to safeguard the Company's operations, fostering an environment of trust, accountability, and transparency throughout all levels of our organization.

LASCO Financial Services Limited (LFSL) is committed to achieving excellence as a thriving and profitable business that diligently serves the best interests of its stakeholders. At the core of our corporate governance lies a steadfast mission that guides the Board in its role of providing vigilant oversight, ensuring the implementation of an effective governance framework which not only adheres to industry best practices but also complies with regulatory and statutory requirements. The highest standards of risk management are pursued to safeguard the Company's operations, fostering an environment of trust, accountability, and transparency throughout all levels of our organization.

The governance structure of LFSL incorporates guidelines and standards established by the Company's Articles of Incorporation, policies and charters, adopted by the Board of Directors, and the Private Sector of Jamaica (PSOJ) Jamaica Corporate Governance code 2021. These Policy guidelines and charters are updated periodically to remain current.

THE ROLES AND RESPONSIBILITIES OF THE BOARD

The Directors' roles and responsibilities are governed by the Board Charter. The Board is responsible to set and approve policies, make decisions based on the strategies including annual operating plans and budgets, business development initiatives, major acquisitions and disposals, corporate financing, and related treasury activities. Compliance with laws, regulations and code of ethical business conduct and to ensure that shareholders values are protected.

The Board strives to balance the interests of the Company's diverse constituencies, including its shareholders customers, suppliers, employees, creditors, and the communities in which it operates. The aim of the Company is to be transparent in its activities, all of which are important to increase shareholders' confidence and maximize their value.

In carrying out its functions, the Board ensures that the Company is compliant with the applicable laws of the land, the rules of the Jamaica Stock Exchange Junior Market, and the Company's, corporate social responsibility, and sustainable environmental practices. In doing so, the Board may rely on the advice of its legal counsel and report of its Executive Management and other independent professionals.

BOARD COMPOSITION

As at March 31, 2023, the composition of the Board of LFSL (Parent company) was eight directors, of which two are executive directors, six non-executive directors, three of which are independent- Hon. Roald Henriques, Mr. Compton Rodney and Mr. Colin Maxwell. To be considered an Independent Director, the Director, at minimum must not have served as an employee of the LASCO Affiliated companies for the past three years, or, is not being compensated for services other than by way of Director's Fees.

LASCO Microfinance, the subsidiary, established a separate Board which comprises of five directors and has also established its own Board Committees to make recommendations to its Board which reports to the Board of the Parent Company.

The Board of Directors meets on a quarterly basis and from time –to- time will hold special meetings to deal with pertinent matters.

SELECTION AND APPOINTMENT OF DIRECTORS

The Corporate Governance Committee has been assigned the responsibility of identifying potential individuals to be appointed to the Board of Directors of the Company. The Committee will make recommendations to the Board which will grant approval for these appointments. The reference for this decision is outlined in LFSL's Corporate Governance Policy on its website www.LASCOjamaica.com/financial.

To qualify for an appointment to the Board the committee shall have due regard to the skills, competence and expertise of the individual taking into consideration diversity, in terms of gender; currently, 25% of our directors are women. The members of the LFSL Board are very experienced and respected individuals, with diverse skills and knowledge from different professions relating to the core business of LFSL, including expertise in the management of Financial Services companies, expertise in regulatory and legal affairs and expertise in financial accounting standards. Their level of talent and experience provide a good basis for sound judgement in decision making and guiding the Company into successful endeavours.

Further details on the expertise, skills and academic qualifications of our directors are outlined in their Profiles on pages 22-25 in this report.

CORPORATE GOVERNANCE

Induction Program:

A newly appointed director shall participate in an induction program that covers the Company's vision, strategy, regulatory requirements, market opportunities and risks. The new Board member is required to be reviewed under the Bank of Jamaica Fit & Proper Programme. The new director will also meet with the senior management team for a brief orientation.

On-going Training:

The Board also recognises the importance of continuous education and training for its Directors. Each Director is required to complete a minimum of 14 hours each year relating to his/her profession. This is usually done through seminars/workshops. Each year, all members are required to attend mandatory AML training as outlined below: The Company's Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) training is held annually at the company's Red Hills Road Location. This is followed by an assessment of the Directors' knowledge for which he/she receives a score and certificate.

The Directors also participated in other relevant seminars and courses including Data Privacy Framework Training and Corporate Governance training during the year. For the year, 99% of Board Directors attended training in the following:

TOPIC	PRESENTER/FACILITATOR
Anti-Money Laundering & Countering the Financing of Terrorism	Georgia Munroe, Jamaica Institute of Financial Services (JIFS)
Corporate Governance Training CEO Seminar	Camille Facey of FaceyLaw JSE eCampus
Corporate Governance Training & Workshop 2022/23 inclusive of ESG	Faceylaw Consultancy
Board Evaluation Workshop November 2022	Faceylaw Consultancy 2022
ESG Workshop	Jamaica Stock Exchange 2022

COMPANY MENTOR

LFSL, upon its admission to the Junior Market, opted to appoint a Mentor to act as its compliance advisor in accordance with rule 503 (2) of the Junior Market Rules (JMR). Hon. Roald Henriques is the appointed mentor.

Functions and Responsibilities

In his role as mentor Mr. Henriques is expected to:

- advise the Board on procedures, systems, and controls for the purposes of its compliance with good standards of corporate governance.
- ensure that LFSL discloses to the JSE in a timely manner any material information concerning its non-compliance with the Junior Market Rules (JMR).

Full details on the role of the mentor may be viewed at rule 503 of the JMR book.

COMPANY SECRETARY

The Company Secretary is appointed by the Board and is a key advisor to the board and management on compliance, corporate governance and shareholders matters. The Company Secretary provides new directors with information about the Company to assist them in their orientation. All directors have access to the Company Secretary's advice and services in respect of the administration of the functions of the Board.

COMMITTEES OF THE BOARD

The Board has four committees: Audit, Compensation, Corporate Governance and Assets and Liabilities Committees. The members of these Committees are appointed by the Board of Directors. All four Committees are comprised of three Independent Directors and the other members are non-executive directors, one of whom serves as the Committee Chairman. The Executive Chairman, other non-independent Directors, the Managing Director and Chief Financial Officer are invited to these meetings. Other staff may be invited to attend a committee meeting if so required.

Each Committee has its Charter or Terms of Reference which has been approved by the Board. The individual committees have the responsibility to review and revise its policies and Charters if deemed necessary.

The key responsibilities of each Committee are outlined

in the Corporate Governance Terms of Reference which may be viewed on LFSL's website at: www.LASCOjamaica.com/financial.

AUDIT COMMITTEE

The Audit Committee is chaired by Mr. Compton Rodney. Mr. Rodney is a chartered accountant and has the skills and expertise to chair this Committee. The other appointed members are Hon. Roald Henriques an attorney at law and Mr. Colin Maxwell a chartered accountant. These Directors are all independent and Mr. Henriques is the lead independent Director. Hon. Lascelles Chin attends this meeting by invitation. Other invitees are the internal auditors, the Managing Director, the Group Chief Financial Officer and the Group Chief Compliance Officer. The Committee meets quarterly and continues to be guided by its established Charter to ensure:

- Good fiscal discipline
- The integrity of financial reporting and
- Timely disclosures

For the financial period, Ernst & Young provided quality advisory and internal audit services on an out-sourcing basis to the Company. The Committee reviewed and approved the audit plan for the financial year. The Internal Auditors worked closely with the management team to establish, improve and add value to processes and controls in helping to bring effectiveness to risk management and internal controls. Systems, process flows, policies and procedures are reviewed periodically. The Internal Auditors report to the Audit Committee at its quarterly meetings.

During the periodic meetings, members of the Committee also analyse the quarterly unaudited financial statements and the audited financial statements to ensure that they are prepared in accordance with the Rules of the International Financial Reporting Standards and the Junior Market rules of the Jamaica Stock Exchange. These financial Statements are approved by the Board of Directors for publication.

The Audit Committee Chairman reports to the Board quarterly on matters discussed at the Committee meetings.

During the year the Committee met four (4) times, but from time to time, may have special meetings based on the exigency of the matter.

ASSETS AND LIABILITIES COMMITTEE

The Assets and Liabilities Committee (ALCO) is responsible for reviewing the company's risk management framework, operations and results and advising the Board on factors which may impact the Company's profitability and growth. This Committee is chaired by Mr. Compton Rodney. The other members are Hon. Roald Henriques and Mr. Colin Maxwell. Hon. Lascelles Chin is invited to this meeting as well as the Managing Director, Group Chief Financial Officer and the Group Chief Risk Officer.

The primary function of ALCO is to evaluate, monitor and advise the Board on all matters relating to values at risk, in particular, imbalances in the capital structure of the Company. It is this committee that reviews the annual budget and recommends the same to the Board for approval. The Committee monitors the company's performance against the plans and budgets and highlights to the Board any events which may prevent the company from achieving its strategic objectives.

The Committee has the responsibility to ensure that sound policies, procedures and practices are in place for the management of the company's material risks and to report the results of the risk register reviews and mitigations to the Board.

The Committee met four (4) times for the financial year. The Committee Chairman reports to the board on the activities of the Committee.

COMPENSATION COMMITTEE

The Compensation Committee has the responsibility to advise the Board on all matters relating to the compensation of the Executive Chairman, the Managing Director, Senior Management, Staff and the Directors. The Chairman of this Committee is Hon. Roald Henriques; the other appointed members are Mr. Compton Rodney and Mr. Colin Maxwell.

For the financial year under review, the Committee met as mandated once, and made its recommendations to the Board of Directors. It is the duty of the Committee in discussion on matters of compensation to ensure that compensation is appropriate to attract and retain key staff and is aligned with overall business strategy.

The fees for Non-Executive Directors are highlighted on in the financial statements of the Annual Report. The fees paid for the year ended March 2023 totalled \$20.7M

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee is chaired by Hon. Roald Henriques. Other members are Mr. Compton Rodney and Mr. Colin Maxwell. The Executive Chairman, the Managing Director and the Group Chief Compliance Officer are invited to this meeting.

The Committee meets at least once per year to give oversight in respect of the structure, composition and functioning of the Board and its Committees.

Some areas covered, in this regard are:

- the selection, induction, training and succession planning processes for Directors;
- assisting the Board to determine, understand and work within the legal cultural and institutional framework that affect the goals and direction of the Company;
- developing policies as are required for the effective governance of the Company, monitoring trends and best practices in corporate governance to properly discharge the Committee's duties and making the necessary proposals to the Board in accordance with the Board's Charter. The Committee met once for the year.

The following policies can be viewed on the Company's website:

- Corporate Governance
- Corporate Social Responsibility
- Enterprise Risk Management
- Dividend

The following can also be viewed on the website:

- Audit and Risk Management Committee Charter
- Board Charter
- Corporate Governance Terms of Reference at www.LASCOjamaica/financial.



BOARD PERFORMANCE EVALUATION

The Company completed its annual performance evaluation facilitated by an external Corporate Governance Consultant and the outcomes were discussed on November 8, 2022. Areas covered in the assessment were:

- Succession plan for board (Chairman and Directors), and executive management
- Discussions on strategic issues, industry, global trends and ESG commitments
- Board Processes and Board Stewardships.

The Board Evaluation review comprised the following areas:

- Board Chairman
- Directors' self-assessment
- Board committee
- Committee Chair.

CORPORATE GOVERNANCE RECOGNITION

- LASF was awarded 2nd runner up for Best Practices – Corporate Disclosure & Investor Relations (Junior Market) at the Jamaica Stock Exchange (JSE) Corporate Governance Awards for 2021/22 Financial year.
- We were awarded a CGI Rating of A (CGI Rating Score: 82.56) for the year 2021/22. This assessment was conducted by the JSE through its 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.

RELATIONSHIP WITH SHAREHOLDERS

It is important that our stakeholders understand our vision and thereby continue to support our programmes. Equally important is the opportunity to receive feedback.

One of the key channels used to disseminate information to our shareholders is the Annual General Meeting (AGM). A session for questions and answers is made available to shareholders at the AGM, where views are clarified, and the plans explained.

Another channel is via the “Management Discussion & Analysis” section in the Annual Report which provides detailed information on the Company’s plans and opportunities.

A third channel used is the quarterly earnings released in which the company explains our business performance.

Finally during the year, the company made press releases relating to marketing activities and corporate social responsibility activities.

The four activities above mentioned were done with the objective of keeping shareholders abreast of the Company’s activities.

MINUTES OF AGM

Shareholders may request a copy of the AGM Minutes from the Company Secretary’s Office by contacting us via telephone at 876-749-5272.

ATTENDANCE REGISTERS

Below is a summary of the attendance recorded in respect of the meetings for the Financial Year ended March 31, 2023.

Meetings	LFSL AGM	LFSL BOD	LFSL Compensation Committee	LFSL Audit Committee	ALCO	Corporate Governance
No. of Meetings	1	4	1	4	4	1
Lascelles Chin	1	4	-	-	-	-
Jacinth Hall-Tracey	1	4	-	4	4	-
Eileen Chin	1	4	-	-	-	-
Roald N.A. Henriques	1	4	1	4	4	1
Compton Rodney	1	4	1	4	4	1
James Rawle	1	4	-	-	-	-
Vincent Chen	1	4	-	4	-	-
Colin Maxwell	1	4	1	4	4	1

COMMITTEE MEETINGS

The following table outlines the composition of each committee.

Meetings	LFSL Compensation Committee	LFSL Audit Committee	ALCO	Corporate Governance Committee
Lascelles Chin	-	-	-	-
Compton Rodney**	√	√	√	√
Jacinth Hall-Tracey	-	-	-	-
Eileen Chin	-	-	-	-
James Rawle	-	-	-	-
Vincent Chen	-	-	-	-
Colin Maxwell	√	√	√	√
Roald N.A. Henriques *	√	√	√	√

* Chairman, Compensation Committee

** Chairman, Assets and Liabilities Committee (ALCO)

* Chairman, Corporate Governance

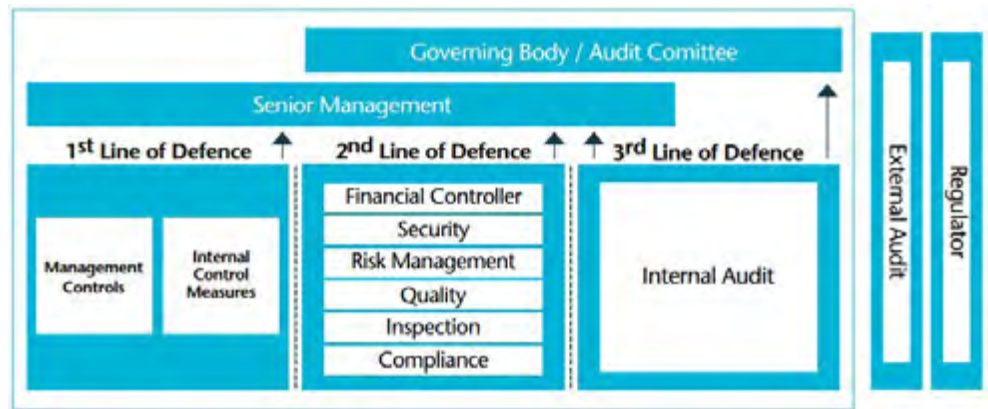
** Chairman, Audit Committee

ENTERPRISE RISK MANAGEMENT

Our company operates in a very dynamic financial services environment and competes with large local entities as well as global entities which may enter our market. As such we are exposed to a number of risk factors including strategic risks, financial risks, operational, credit, cyber and regulatory risks.

RISK MANAGEMENT FRAMEWORK

Our risk management framework allows management, supported by a team of Risk Officers to identify those risks, implement remediations to manage the risks and monitor them for change in their status. Several of our objectives have been derived in an attempt to manage our risks and our control systems are designed to ensure that these risks are managed effectively and efficiently in a way that is aligned with the Company's strategy



ERM FRAMEWORK

Our Risk management is coordinated by our Chief Risk officer and the registers are monitored by a Risk Officer who is a senior leader in each department. This team carries out its management and monitoring mandate under the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ERM Framework. The ALCO Committee reviews the risk reports submitted by the Risk Management Committee and reports the key risks to the Board. The Internal Auditors incorporate a process to prioritize the testing of key controls emanating from the ERM Framework.



The full policy may be viewed on our website www.LASCOjamaica.com/financial



RISK POLICY (SUMMARY)

The Risk Policy guides the framework and incorporates it as part of LFSL's overall Corporate Plan, ensuring that management controls are effectively integrated within the daily operations of the organization and is continuously developed and improved. The Policy governs LASCO Financial Services Limited risk-based approach to managing its business which is designed to provide reasonable assurance that the organization's objectives will be met.

LASCO Financial Services Limited's approach to risk management is based on the following principles:

- Risk represents both opportunity and threat and therefore effective management is required to manage uncertainty associated with significant risks and increase the potential for reward through opportunities.
- Effective risk management equips management and staff with the tools to make appropriate risk and return decisions and provides greater assurance that LFSL's vision, strategy and objectives will be achieved.
- The Risk Assessment Reporting Standard requires the reporting of material risks to LFSL's Executive Committee, the Asset & Liability Committee (ALCO), the Audit Committee, and the Board of Directors (BOD).

MEASUREMENT CRITERIA

The following criteria must be used to measure LASCO Financial Services Limited's risk management capability:

- Evidence of documented and up-to-date risk assessments in all LFSL's departments
- Mitigating controls in all LFSL's businesses for risks with major or catastrophic impact has a gross risk rating between Medium to High; and
- Evidence of ongoing application and monitoring of Management Action Plans.

RISK APPETITE SUMMARY

The full policy may be viewed on our website at www.LASCOjamaica.com/financial or scan code above.

RISK APPETITE STATEMENT

The Risk Appetite Statement is the articulation of the aggregate level and types of risk level that our organization is willing to accept while pursuing our objectives, and before any action is determined to be necessary in order to reduce the risk. See summary table below.

RISK	APPETITE
i. Legal & Regulatory Risk	Zero to Low
ii. Settlement Risk	Low to moderate
iii. Credit Risk	Moderate
iv. IT & Data Security	Low
v. Third Party Risk	Low to moderate
vi. Governance Risk	Low to moderate
vii. Strategic Risk	Moderate
viii. Operational Risk	Low to moderate
ix. Reputational Risk	Zero

This Risk Appetite Statement characterizes our tolerance for each risk as low, moderate, or high, according to the following definitions:

Low – The level of risk exposure will not substantially impede our ability to achieve our mission, goals, or strategic objectives. Controls are prudently designed and effective.

Moderate – The level of risk exposure may delay or disrupt achievement of our mission, goals, or strategic objectives. Controls are however, adequately designed and are generally effective.

High – The level of risk exposure may impede the ability to achieve our mission, goals, or strategic objectives. Controls may even be inadequately designed or ineffective.

Zero – The level of risk exposure will significantly impede the company's ability to achieve its mission, goals, or strategic objectives.

LFSL's risk universe is structured to reflect the type of risks to which the Company is exposed. The identified risk categories are:

- strategic risks (risks affecting business model)
- financial risks (currency conversion risks and treasury risk),
- underwriting risk (delinquency risks),
- operational
- and IT risks (fraud, business disruption and cyber risks).

Our risk registers include specific risks which have been identified within these risk categories. These risks, internal or external, may affect the Company's operations, earnings, reputation and eventual earnings.

The full policy may be viewed on our website www.LASCOjamaica.com/financial

COMPLIANCE REPORT

EXECUTIVE SUMMARY:

This AML (Anti-Money Laundering) Compliance Report provides an overview of LASCO Financial Services Limited, its efforts and achievements in ensuring compliance with applicable AML/CFT regulations and combating money laundering, terrorist financing, proliferation, and fraudulent activities. It highlights the key measures implemented, training programs conducted, and outcomes achieved during the reporting period.

INTRODUCTION:

LASCO Financial Services is committed to maintaining a robust AML compliance program to prevent illicit financial activities and comply with relevant legislations and regulations, including but not limited to the Proceeds of Crime Act, Proceeds of Crime (Amendment) Act, Proceeds of Crime (Money Laundering) Regulations, and the Financial Action Task Force (FATF) recommendations. This report summarizes our efforts in aligning with these requirements.

RISK ASSESSMENT:

A comprehensive risk assessment was conducted to identify and evaluate the risks associated with money laundering and terrorist financing, proliferation, and fraud specific to our business operations. We considered factors such as customer profiles, geographical risks, product and service offerings, transaction volumes and frequency

along with beneficial owner. The risk assessment provided the basis for designing appropriate control and mitigation measures.

POLICIES AND PROCEDURES:

LFSL's Policies and Procedures was updated in the financial year 2022/2023 to take into consideration any new product and service offered along with the risk each may have on the business.

CUSTOMER DUE DILIGENCE:

The timely verification of all customers, clients, agents, and partners, for both new and existing services, were more important in the last financial year 2022-23, than at any other time in LFSL's history. This was due to emerging businesses becoming more digital and customers requesting service turnaround and decisions in a faster time. The existing opportunities had to be maximized and deeper due diligence had to be pursued to properly assess clients and products with a view to onboarding the business where possible and properly manage the associated risks. This meant the risk environment was more volatile, especially with the increase in digital product offerings, however, LFSL's robust customer due diligence framework ensured that all customers were properly vetted and risks comprehensively mitigated against. Transaction monitoring and constant communication with front line staff in relation

to customer activity, are strong support mechanisms that were additionally leveraged to strengthen the customer due diligence program. As a result, LFSL was able to capitalize on the available opportunities without negative exposure to the business. It is also noteworthy to mention that High Risk customers and politically exposed persons (PEPs) received priority attention, as per the regulatory guidelines.

TRANSACTION MONITORING:

LFSL has established a robust system for monitoring transactions to detect and report suspicious and threshold activities. Our monitoring procedures involve the use of advanced technology and analytics to identify patterns, trends, and anomalies that may indicate potential money laundering or terrorist financing, proliferation, and fraud.

REPORTING AND RECORD KEEPING:

LFSL's reporting and record keeping regime was bolstered in 2022/2023. As it regards record keeping LFSL is abiding with the relevant legislations and more recently in keeping with the Data Protection regime where documents and records are kept and used only for the purposes required and established as well as not for longer than the period that is required.

TRAINING AND AWARENESS:

LFSL's robust training program saw a total of seven (7) annual training sessions for 2022/2023. These seven (7) sessions were conducted to facilitate annual mandatory AML/CFT retraining for all staff and Agent Partners, as per the regulatory stipulations. Various regions right across the island were grouped together in these sessions. The LFSL training and awareness package in 2022/2023 also included "bi-weekly" AML/CFT training and these were conducted throughout the entire year. The bi-weekly trainings focused primarily on new staff and also on the re-training of staff identified with deficiencies. All trainings reinforce the steps and best practices in relation to the prevention and detection of Money Laundering, Fraud, Terrorism Financing and the Proliferation of Weapons of Mass Destruction. Source of Funds, Purpose of Funds, Know Your Customer (KYC), Customer Due Diligence and the reporting of Suspicious activities are some of the main topics covered.

INDEPENDENT AUDITS AND REVIEWS:

Periodic independent audits and reviews are conducted to assess the effectiveness of our AML/CFT compliance program. These assessments evaluate the adequacy of our policies, procedures, controls, and training programs. Any identified weaknesses or gaps were addressed promptly to further strengthen our AML framework.

REGULATORY ENGAGEMENT:

LFSL continues to enjoy a strong partnership and communication with the Competent Authority and the Designated Authority. 2022/2023 saw a few more than the ordinary number in terms of production orders served on LFSL by the Designated Authority and also brought new dynamics to regulatory audits by the competent authority. This required close collaboration between LFSL and the respective parties and the strong partnership that we enjoyed made the year a success in terms of regulatory engagement between the Designated Authority and the Courts.

CONCLUSION:

As LFSL embarks on this new phase of digitization and technological upgrade, we remain committed to the compliance mandate and as such, continue to carry out rigorous monitoring, screening, and preventative measures. The company also remains steadfast in the training of staff and the Agent Network to maximise profits and align our operations in keeping with the requirements of the Competent Authority, the Designated Authority as well as our local and overseas partners. We look forward to a boost in 2023.



LASCO Financial Services Ltd. Staff & Agents

LASCO Financial Services Limited who recently celebrated their 18th anniversary, took to the Jamaica Pegasus Hotel to host their Agent Awards ceremony for their over 120 LASCO Money remittance Agents. The agents were celebrated and awarded for their outstanding service, great performances and continued support over the years. Guests were treated to great food, good vibes and enjoyed entertainment from the likes of Ayana Dean and Maria Myrie and friends.

The event was a grand celebration, and everyone who attended arrived in glitz and glamour and left with bellyfuls of laughter in anticipation of the next commemoration.



OVERALL TOP 3 AGENTS



#1 Top Agent: Young's Limited



#2 Top Agent: Berry-Don Company Ltd.



#3 Top Agent Location: The Ocho Rios Card Center



TOP AGENT AWARDEES BY PARISH



St. Ann - The Ocho Rios Card Centre Limited



Portland - Tlmaxx Limited



Westmoreland - CCJ Services



Kingston & St. Andrew - Serron Pharmaceuticals Limited



St. Thomas - Tari Solutions Company Limited (Yallahs)



Clarendon - Young's Limited



St. Catherine - Berry-Don Company Limited



St. Mary - D & Y Bill Payment (Highgate)



Hanover - NOI Investments Ltd (Luca)



St. Elizabeth - Lee & Lejhaun's Enterprise



Trelawny - Modern Vision Investment Plus Limited

St. James - Super Tech Electronics & Appliance Limited (Overton Plaza)

Manchester - Tops Auto

CHAIRMAN'S AWARD



Young's Limited

LONG SERVICE AGENTS

LASCO Financial Services Recognised Our Long-Standing Agents Who Have Been A Part Of Our Agent Network For Over Ten (10) Years.

- Atiya Investments Limited
- Berry-Don Company Limited
- C&WJ Co-Operative Credit Union Ltd.
- Christiana Pharmacy Limited
- Daley's Mini Mart
- Gold Nugget Financial Services Company Limited
- Ibis Finance & Service Company Limited
- Independence City Pharmacy
- Input Output Centre Limited
- Intown Super Save Supermarket
- Jane's Variety Store
- Jazat Investments
- J-Dan Enterprise
- Lee & Lejhaun's Enterprise
- M & R Money Link
- New Horizon Collection And Services
- Paymaster Jamaica Limited
- Petal's Financial Services Limited
- Pow Pow's Financial Services Limited
- St. Jago Shop N Save Supermarket
- Super Tech Electronic & Appliances Limited
- The Ocho Rios Card Centre Limited
- The Service Pharm
- Tlmaxx Limited
- Tops Auto
- Trelawny Co-Operative Credit Union Limited
- VIP Laundry & VIP Cleaners
- VW Investments Company Limited
- Xmore Money Services
- Young's Limited



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SENIOR MANAGEMENT

STRATEGY TEAM



Denise West
*Attorney-At-Law /Group
Chief Compliance Officer*

Jacinth Hall-Tracey
Managing Director

Nordel Leach-Murphy
*Human Resource
Manager*

Norris Clarke
*Group Chief
Financial Officer*

KEY BUSINESS UNITS & MARKETING TEAM



Ramon Davis

*Payments Services
Manager*

Danielle Drysdale

Marketing Manager

Richard Trusty

*Cambio Services
Manger*

Richard Benjamin

*Group Product and Sales
Development Manager*

SUPPORT TEAM



Randolph Burgess

Information Technology Manager

Maria Campbell

Group Facilities Manager

Rhyan James

Finance Manager



Fayola Wray
General Manager

Ricardo Thomas
*Asst. General Manager, Credit
Risk and Administration*

Rohan Ford
*Business Applications
Manager*



Tamika Dixon-Gordon
Finance Manager

Khadrian Smallwood
Collections Manager

Coleen Beckford
Human Resource Manager

Juliette Campbell
Operations Manager

SHARED SERVICES TEAM



Peter Hylton

*Information Technology
Manager*

Joel Gonzales

Property Manager

Ruel Thompson

*Safety/Security & Community
Relations Manager*

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HUMAN RESOURCES REPORT

We grew existing teams while
building new ones as we continue to
focus on our growth strategy...

LIFE AFTER COVID-19

Though the company cautiously navigated the negative impact of the Covid-19 pandemic, there are some positives that we have retained and are now learning to accept as life after Covid-19.

THRIVING IN A HYBRID WORK ENVIRONMENT

The hybrid work model is here to stay. We have been able to accommodate our employees' varied schedules and preferences by allowing them to combine on-site and remote work, and this has improved cooperation within teams and across offices.

GROWING IN NUMBERS AND BUILDING FUTURE LEADERS

Despite adopting a hybrid work environment, we have continued to increase our talent acquisition, and our company's success and rapid growth are a result of all our employees' expertise and commitment. We grew existing teams while building new ones as we continue to focus on our growth strategy, and we are proud to say that we now have over 80 talented employees at LFSL (LASCO Financial Services Limited). With 13 new hires and a low attrition rate with only 3 employees leaving in the Financial Year. We continue to be an employer of choice among job seekers as we received an exceptional number of job applications throughout the financial year for the various vacancies advertised. We believe in youth development, hence, we partnered with the Tourism Enhancement Fund to provide meaningful experience to young adults who were leaving high school and tertiary level education.

CONTINUED LEARNING AND DEVELOPMENT

Not only did we focus on growth but ensured that our existing team's development was catered to. The ongoing professional and personal development of our employees was treated as a high priority. As we operate in the new normal, we were forced to raise our bars high for providing high-quality learning through our Learning Management System (LMS). To provide our staff with an even better Learning and Development package, we continue to spend time and resources on enhancing the learning solutions provided by One on One. In addition, we ensured that there were always opportunities for professional development for all our employees. We had a high rate of promotions

in FY 2022, showing our employees that their hard work does pay off. Our performance appraisal system played an integral part in this, ensuring that our employees' goals and objectives were met and that they were provided with valuable feedback and support to improve their skills and competencies. Job rotation and job expansion was also a tool used to allow our employees to gain exposure to distinct aspects of the organization's operations. This has helped our employees to develop a broader understanding of the company and enhanced their skills and competencies.

SUCCESSION PLAN FRAMEWORK

A key objective is ensuring that we continue to have a pipeline of future leaders who can take on key roles in the organization. In the past year, we approved our succession plan framework that identifies key roles and competencies required to perform them effectively. We have identified our high-potential employees and will be providing them with training and development opportunities in the coming FY, to prepare them for future leadership.

KEEPING COMPLIANT WITH POLICIES

Our HR (Human Resources) team works hard in ensuring that our policies and procedures are compliant with the relevant laws and regulations. During the year, we have conducted regular reviews of our policies to ensure they comply with the relevant laws and regulations. Our team recognizes the importance of ensuring the health and safety of our employees. In the past year, we implemented an Occupational Safety & Health policy that outlines the procedures and guidelines for ensuring the safety of our employees. We conducted regular safety audits and provided training to our employees to ensure that they are aware of the safety procedures and guidelines and can respond to emergencies effectively. We also provided additional training to our staff to ensure that they are aware of the policies and procedures and understand the consequences of non-compliance.

MAINTAINING ENGAGEMENT

Another key objective of the HR department is to ensure that our employees stay engaged and motivated. We have conducted various employee surveys to gather feedback and insights from our employees. Based on the feedback received, we have implemented various initiatives to enhance employee engagement.

HUMAN RESOURCES ACTIVITIES



Love is in the air was our theme for Valentine's Day

Valentine's Day was the perfect time to show our staff how much we appreciate them. Employees were embodied with the spirit of Valentine's Day as they were allowed to wear their red, white, and pink outfits to work. Team members were gifted with sweet treats and personalized cards highlighting the qualities we admired in each of them. It did not stop there, employees were filled with excitement as they challenged each other during our online Valentine's trivia. Congratulations to Jodian Tucker the winner who walked away with a dinner for Two cash prizes at any restaurant of her choice.

Rejuvenation Programme

The anticipated "Rejuv Programme" was always the talk amongst employees at the end of each quarter. An experience based programme that promotes strong bonds within teams outside the office and office hours.



Birthdays and Work Anniversary Recognitions

Birthdays and work anniversaries merit celebration. Employees received birthday tokens and a touching video expressing our appreciation on their special days.

Treasure Hunt

The love and thrill of a good mystery and a good chase filled the air. Employees of all ages were delighted at the chance to find hidden clues that would lead them to the treasure that awaits them, turning this adventure into a cherished memory. The winner walked away with a goody bag and an Amazon gift certificate.

HUMAN RESOURCES ACTIVITIES



International Women's Day

March 8, 2023 was celebrated as International Women's Day. Our female employees participated in our challenge by striking the International Women's Day 2023 pose. This was our way of showing support and solidarity for this year's theme #EmbraceEquity.

Overchivers

January was a month of new beginnings. Our staff was tasked with creating their personal digital or physical vision board which gives them a clear direction on where they want to go in various areas of their lives. At the End of the year, the person that achieves most of the goals present on their vision board will get an INCREDIBLE GIFT!! For being the OVERACHIEVER.



Bi-Weekly Trivia/Challenges

No matter where we work, it is our goal to maintain those relationships as we maintain a hybrid workplace. This was accomplished through our biweekly trivia contests and challenges, as many of these competitions encourage group participation. Our "Pose-For you Now" challenge, where we asked all models and non-models from all departments to submit a joint creative video to our HR team showing off their diverse poses, is one of our challenges that still makes people chuckle. Team Accounts, our winning department, received movie tickets, and their runner up the Payment department received lunch.

MANAGEMENT
DISCUSSION
& ANALYSIS





We are pleased to present our Management's Discussion and Analysis (MD&A), highlighting the recent developments and key factors influencing our financial performance. In today's rapidly evolving landscape, the financial services industry is witnessing a remarkable transformation, with an increasing shift towards digital delivery channels. Consumers, driven by changing preferences, are seeking new ways to interact with businesses, while merchants are adapting their strategies to cater to this evolving market. It is for these reasons that our company's core focus aims to support consumers and small/micro businesses through an omni-channel approach.

We have successfully established a robust digital omni-channel suite of services for the underbanked consumer, merchant and small business; one that facilitates the receipt of remittances direct to account or through our agent network, enables payments to merchants both in-store and online, enables merchants to accept card payments and for both consumer and small business to receive microfinancing. We have made significant progress in serving the B2B segments by providing businesses with solutions for cash-based problems, employee payments, and acceptance of card-based payments from customers.

In this MD&A, we will delve into these developments, challenges, and opportunities, providing valuable insights into our financial performance and strategic initiatives. At LASCO Financial Services, we manage our company for the long term. We are focused on the fundamentals of growing and scaling our remittance customers both for digital and cash based, diversifying our loans customer base, building out our merchant services, increasing revenue and improving profitability, while investing for the future and managing risk, expenses and capital.

We have successfully established a robust digital omni-channel suite of services for the underbanked consumer, merchant and small business



Segment Review:

REMITTANCE

Remittance is our biggest segment earner with MoneyGram being the largest contributor. This segment faced several headwinds during the financial year. There were two key contributors to reduced income being: a) our inability to maintain the increased market share for MoneyGram business gained when a key competitor was suspended December 2021- April 2022 and b) the 17% decrease in commission imposed by our key partner MoneyGram, also in April 2022. This further compounded the declining revenue per transaction resulting in reduced revenue for the segment.

The above context was taken into consideration when planning the financial year and the compensating increase in income was built into the budget with expected increases from non-MoneyGram remittance transactions, increase in LASCO Microfinance (LASMF) revenues, a strong contribution from the new payments services and an intense focus on expense management. The outcome, however,

is that LASF, the Company's revenues decreased by 9% whereas income for LASMF increased 7%. The Remittance volumes increased 4.7%, however we faced headwinds from the declining revenues per transactions and a lower income than anticipated from Microfinance and Payments.

PAYMENTS

LASF was approved by the Bank of Jamaica to launch its LASCO Gold Visa prepaid cards into market in July 2022 under the Fintech Regulatory Sandbox. Revenues from this business venture made a valuable contribution to our overall income. We are excited at the prospects for this business and the anticipated growth prospects. Our merchant services LASCO Biz, which was launched in the Sandbox in the prior year and was approved for exit from the sandbox in the current year, is being relaunched with a few more key benefits for merchants.

Opportunities for growth in Payments services: There is a sizeable market opportunity for digital financial services including prepaid cards. Complementing the card service is the buildout of our merchant business to provide a full

ecosystem to support the unbanked. Increasingly, financial services are being delivered outside of the traditional financial services industry. LFSL serves over several hundred thousand remittance customers on an annual basis and there are several hundred small businesses that we believe have been inadequately served by traditional institutions and are increasingly turning to non-financial companies for products and services. LFSL is positioned to serve these segments as they begin to fully realize the value of institutions directly delivering financial services digitally.

Our Services

- Currency trading for retail & corporate
- Money transfer services – through agent network, direct to bank & direct to card
- Prepaid card services for personal and corporate use
- Financing services for microbusinesses, SMEs and micro credit borrowers
- Payment platforms for merchants

CAMBIO

Our Cambio service remained resilient, growing transactions to return to pre-pandemic levels for the retail business. On the corporate side, the transactions are intrinsically linked to the growth in the remittance business. There was a slight uptick in the volumes traded but there were lower trading margins, resulting in a slightly lower revenue.

THE SUBSIDIARY

Our microfinancing business LASCO Microfinance Limited (LASMF) was able to regrow the loan portfolio diversifying away from the business model which was predominantly microbusiness and micro credit borrowers. Subsequent to year end we have made several fundamental changes in the business model including organizational restructuring to revive growth and profitability in this segment.

The Microcredit Act was brought into operation in July 2021 with the aim of licensing and regulating microcredit institutions. Existing companies were given twelve months from the commencement date to apply for a license. LASMF is currently operating on a “non-objection” from the Bank of Jamaica as we await the approval of our application which was submitted within the timeframe allowed.

Our Key Strategic Goals

We continue to manage our company for the long term. We are staying focused on the fundamentals of growing customers, and improving profitability, while investing for the future as we transition our customers to digital options. Consumers in the send markets of our remittance services are increasingly using digital options which results in lower fee income. This is having a negative impact on our profitability in the short run. Our long-term goal, however, is to continue to seize those spurts of opportunities which allow us to scale our remittance business and expand into new segments, going after some services traditionally offered by banks.

In the coming year, we will continue to invest in our products, markets and brand. We are modernizing our technology infrastructure and renewing our commitments to our Remittance network agents, shareholders, employees, customers and the communities where we do business. Our business model is built on customer loyalty, agility and the understanding of our customers’ financial needs, thereby offering our diverse products and services to help them achieve financial services at their convenience. We are focused on our strategic priorities, which are designed to enhance value over the long term.

We face a variety of risks that may impact our financial performance from time to time, however, our ability to anticipate the risks and to implement mitigating strategies is what allows the extent of such impacts to be controlled. Our continued success depends upon, among other things, the following factors that we manage or control: • Effectively managing capital and liquidity including: Continuing to grow our remittance and cardholders customer base, prudently scaling our loans business, maximize on the FX margins and margins from our merchant services.

Financial Performance Overview:

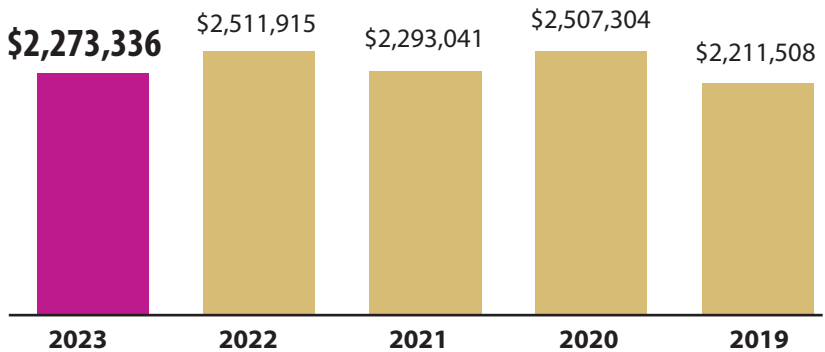
LASF ended the 2022-2023 Financial Year with **consolidated revenues** of \$2.273B, a 9% decrease when compared with the 2022-2023 financial results.

Expenses were marginally reduced from \$1.851B to \$1.827.7B as well as **Finance Cost** was reduced to \$116.6M from \$166.9M.

Net profit for the year ended was \$213.9M, down from \$306.4M at the end of 2021-2022. The decrease in earnings indicates the normalization of market share, which reverted after the return to the market of a key remittance services competitor at the beginning of the financial year.

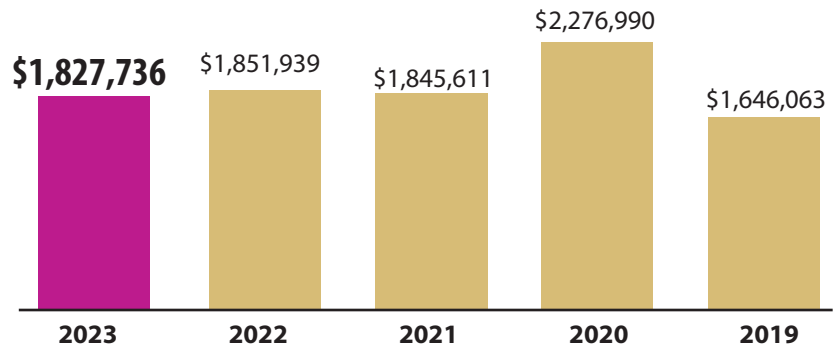
Our diversified income stream, however, from the other business pillars including Cambio Services, Payments Services and Microfinancing all contributed positively. We note the exceptional performance in the previous year (2022-2023) which we were not able to replicate, however, we were able to increase our profit by 36.5% when compared with the 2021-2022 financial year.

REVENUES \$000



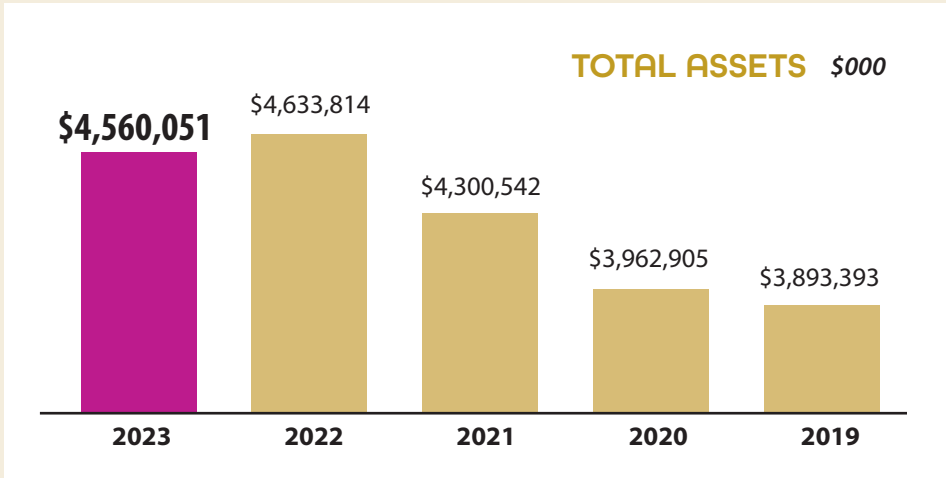
Trading Income for the year ended March 31, 2023 reduced 9% below the previous year reducing from \$2,512M to \$2,273.3M. At the beginning of the year our main remittance partner reduced the commission paid to us and this negatively impacted our earnings. However, management has implemented strategies to ensure growth in other revenue streams, as well as to maintain and improve our earnings from remittances. These strategies will begin to show positive results in the new financial year.

OPERATING EXPENSES \$000



Operating Expenses reduced during the Financial Year to \$1,827.7M down from \$1,851.9M. This is a marginal reduction of 1.3%. Cost savings measures implemented during the year showed positive results and will continue in the new financial year.

Profit from Operations reduced to \$445.6M down from \$660M, a reduction of 32%. This has resulted in a profit of \$213.9M. There were 201 staff members during this financial year compared to 164 in the prior year. We saw higher than normal attrition by employees during the previous year and this had a negative impact on our operations. As a result, new hires were made during the current financial year to return our staff compliment to acceptable levels.



The Group's total Assets have been reduced by \$103.8M a reduction of 2.2% year over year to a total of \$4,560M as of March 31, 2023. The reduction is primarily as a result of the reduction in receivables.

Right of Use Assets reduced to \$142.2M from \$157.6

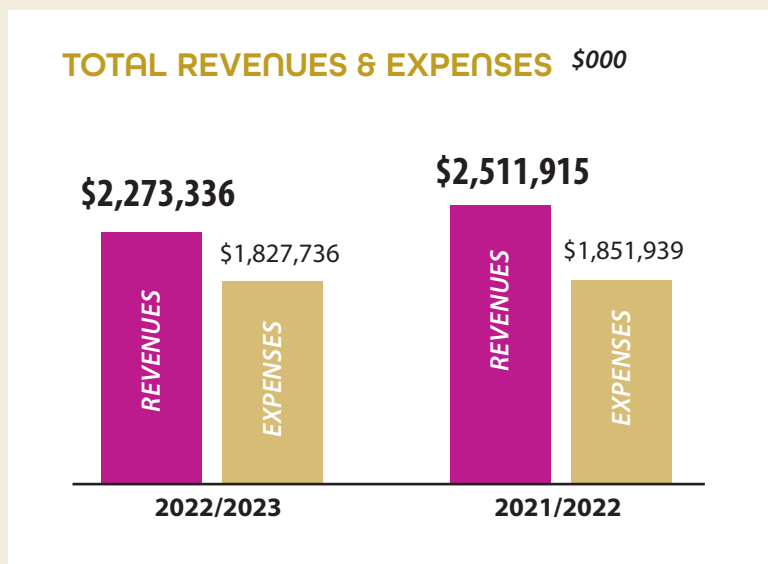
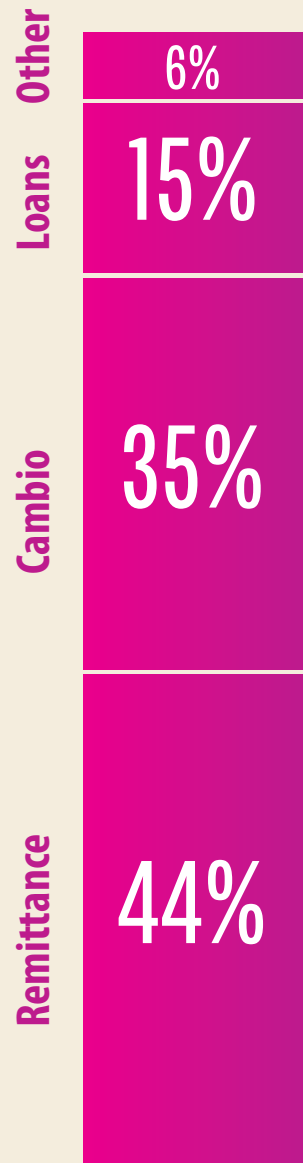
Loan and other receivables reduced to \$1,654.8M down from \$2,021.5M, a reduction of 18.1% year over year.

REVENUE SHARE

Retail Cambio Services continues to show recovery after the pandemic but has not yet returned to pre pandemic levels. However, the growth has been positive, and we expect that this will continue. The major aspect of our Cambio earning is by corporate trades and this has been impacted by lower spreads. However, toward the end of the financial year management made strategic changes and we have seen improvements. We are confident that this will continue in the new financial year.

Loan revenue reduced during the financial year as we were cautious with our lending and considered the environment to be high risk. However, with the pandemic now ending we will be taking a more aggressive approach to lending, and we expect our loan revenues to be impacted positively by this approach.

In addition, management has designed and implemented several strategies to grow the Loan portfolio, and we have already begun to see positive results.



OPERATING PROFIT EXCLUDING IMPAIRMENT ON LOANS

	2022/2023	2021/2022
TOTAL INCOME	\$ 2,273	2,512
TOTAL EXPENSES (Excluding Impairment)	\$ 1,888	1,833
OPERATING PROFIT (Excluding Impairment)	\$ 385	\$ 679
FINANCIAL EXPENSES	\$ 117	\$167
IMPAIRMENT PROFIT/(LOSS)	-\$ 60	\$26
	\$ 214	\$ 306

Operating Expenses net of impairment increased during the year as there was significant reduction in impairment cost as management improved the collection strategy.

QUARTERLY FINANCIAL STATEMENTS

	April - June 2022 \$'000	July to September 2022 \$'000	October to December 2022 \$'000	January to March 2023 \$'000	Totals
INCOME					
Trading income	539,993	584,572	537,762	450,880	2,113,207
Other operating income	24,496	38,822	33,947	62,864	160,129
	<u>564,489</u>	<u>623,394</u>	<u>571,709</u>	<u>513,744</u>	<u>2,273,336</u>
EXPENSES:					
Administrative and other expenses	-268,033	-324,118	-327,414	-261,341	-1,180,906
Selling and promotion expenses	-162,923	-145,021	-155,446	-183,440	-646,830
	<u>-430,956</u>	<u>-469,139</u>	<u>-482,860</u>	<u>-444,781</u>	<u>-1,827,736</u>
PROFIT FROM OPERATIONS	133,533	154,255	88,849	68,963	445,600
Finance cost	-26,771	-27,950	-28,749	-33,170	116,640
PROFIT BEFORE TAXATION	106,762	126,305	60,100	35,793	328,960
Taxation	-23,980	-52,336	-29,495	-9,187	114,998
NET PROFIT FOR THE PERIOD	82,782	73,969	30,605	26,606	213,962

The first quarter showed a profit of \$82.8M. This was due to satisfactory revenue performances from Remittance and Cambio divisions. The Loans Division performed creditably as well.

The Second quarter returned a profit performance of \$73.9M. This represents a reduction of 10.6% when compared to the previous quarter. Revenue performance was strong during this quarter when compared to the previous quarter, but we saw increases in certain Operating and Administrative Expenses that resulted in lower profits.

Third and fourth quarter Profit was \$30.6M and \$26.6M respectively. Profit for the year was \$213.9. Profit for the prior year was \$306.49M. A reduction of 30%

GOLD STANDARD MARKETING

The lingering effects from the Covid-19 pandemic continued to redefine how we communicate and provide financial services to our customers throughout the year. At LASCO Financial Services where we do all things “money”, our goal was to simplify the movement of money to our customers.

In doing so, we continued to provide safe and convenient financial services through our innovative and superior products. More focus was placed on increasing our brand awareness and presence in the market as we prepared to expand our suite of remittance service partners, providing customers with more options for sending and receiving money. We shifted our communication strategy to reach and engage more customers within the digital and online space through increased Google advertising and social media campaigns. We also maintained communication within the public via traditional communication channels (print, radio and TV) and slowly reintroduced grassroots marketing events and street promotions with the launch of our newest product, LASCO GOLD Visa Prepaid card.



BRANDING

An all-island branding execution saw Ria and IDT Boss Money Transfer flange signs being erected at our participating agent locations. We introduced our newest remittance service, IDT Boss Money transfer, which gained traction throughout the year as we were their first local partner here in Jamaica. Additionally, LFSL's six (6) Cambio locations were highlighted on key billboard locations within the corporate area. All these branding activities played a key role in increasing our brand visibility across the island for our Cambio and remittance services.

For LASCO Microfinance, we embarked on a branch rebranding initiative to create a fresh and more appealing look to three of our branches located in St. Thomas, Mandeville, and Santa Cruz. By creating a welcoming environment, we were able to provide a more pleasant experience for our customers.



DIGITAL MARKETING

Improving customer experience was key, and this was facilitated through the introduction of our Customer Liaison Administrator, who engages and responds to customer queries online, while directing their concerns to the relevant bodies for resolve. Monthly paid ad campaigns on social media platforms including META Business (Facebook and Instagram) gave us an uptick in engagement/interactions online, increased reach, impressions and click-throughs to the various websites. LASCO Microfinance (LASMF) benefited greatly as we saw a considerable increase in the number of leads recorded and increased web traffic. Through targeted advertising and engaging content, LASMF was able to enhance their online presence, increase customer engagement, and grow their follower base. Additionally, the introduction of an Influencer/Content creator collaboration was also a hit with our customers on social media as we saw a massive increase in customer engagement across our social media platforms such as Instagram and Tik Tok, this initiative produced an ample increase in awareness of our LASCO GOLD Visa Prepaid Card.



ADVERTISING & PROMOTIONS

We continued to push information to our customers through frequent broadcasts in the media space. The production of ads to direct key messages to our target audiences was fundamental in helping us stay connected to our customers within various spaces. These targeted ads were transmitted on air via radio advertising and through printed media. This assisted in reinforcing our brands and services within the minds of our customers as the awareness of our services are exhibited using a good blend of online and legacy channels. Customers also received product updates and notifications relating to activities within our agent network via SMS messaging.

As the country slowly eased into a new sense of normalcy since the Covid-19 pandemic, we conducted an all-island recruitment activity to onboard brand ambassadors from across the island. These ambassadors would conduct flyer drops and in-store activations within our LASCO Money Stores and agent locations across the island. The use of brand ambassadors allowed for



MARKETING ACTIVITIES



LASCO GOLD VISA PREPAID CARD

In July 2022, our newest product, LASCO GOLD Visa Prepaid card was launched! All elements of the marketing mix were utilized in launching and positioning this new Visa prepaid product in the market, guided by an integrated marketing communication plan to reach our customers through various channels.

The campaign started with issuing the card to LFSL staff and distributed to other internal customers within the LASCO Affiliated Group of Companies. Customers who received loans from our subsidiary LASCO Microfinance Limited were able to have their loans disbursed on the card, while new and existing customers within our Cambio and remittance agent network were also able to sign up for the card.

Great emphasis was placed on out of home branding and campaigns to build awareness for our new product. LASCO GOLD wall stickers, signs, and crack & peels were installed at participating agent locations island wide. Digital screens were utilized to advertise the features and benefits of the card across several restaurants and businesses across the Kingston metropolitan area. To create further awareness, LASCO GOLD branded campaigns, promotions, social media posts, online campaigns and media placements were done to bring it home that the LASCO GOLD Visa prepaid card is the best payment solution in the market. All these marketing activities assisted in product take up, thus increasing LASCO GOLD card sign-ups and sales.



direct and two-way communication as customers were able to get their questions answered on the spot, while the use of printed fliers and brochures provided additional information. We also used the opportunity to gift the customers with tokens of appreciation.

Great focus was placed on increasing brand awareness for LASCO Microfinance in both the digital and traditional space. To achieve this, we prioritized on the ground event executions, actively participating in various events and taking on projects that would promote the LASCO Microfinance name. Notable examples include our involvement in the All-Men's Church Service, Gym Expo, and our sponsorship of Caricom Micropitch 2023. These initiatives allowed us to expand our reach and connect with a broader audience.

LASCO GOLD
LASCO FINANCIAL SERVICES

GO FOR GOLD

SIGN UP & LOAD
your LASCO GOLD Visa Prepaid Card
for a chance to **win \$10,000 JMD**

18 LUCKY CUSTOMERS
will be rewarded in honour of our 18th Anniversary
on **FRIDAY, SEPTEMBER 23, 2022**
CONDITIONS APPLY

LASCO FINANCIAL SERVICES

VISA

CELEBRATING 18 YEARS

“GO FOR GOLD CAMPAIGN”

Our “GO FOR GOLD” campaign ran for two weeks on social media in celebration of our 18th Anniversary in September. The campaign resulted in significant traction online, where customers were urged to sign up and load their LASCO GOLD Visa Prepaid cards with \$5000 or more for a reward of \$10,000 on their cards. 18 customers across our three LASCO Money Stores were randomly selected and awarded, the initiative was supported by in-store activations on select dates during the campaign period. Each LASCO Money Store had promoters in-store to sign up customers for LASCO Gold cards, for which they received small tokens.

LASCO FINANCIAL SERVICES

Celebrating **18** Years of Service



“FREE UP YUH POCKET PROMOTION”

LASCO GOLD Free Up Yuh Pocket was a major promotion that was implemented to further create awareness and drive sign-ups for the LASCO GOLD Visa prepaid card. The promotion ran for 8 weeks and was open to all LASCO GOLD cardholders who spent \$10,000 or more during the period. The team embodied the product in our LASCO GOLD branded shirts for intra-island activations in key areas such as Half-Way Tree, Portmore Mall, Sam Sharpe Square and May Pen to name a few. Live radio interviews took place during outside broadcasts. We also had town criers, live dance crews and other on the ground activities taking place

throughout the day to keep the crowd engaged while our brand ambassadors signed up new customers for the card. TVC, radio and print placements were utilized for mass communication alongside digital ads on social media and digital billboards in high traffic areas. POS materials were distributed across our agent network to further create awareness and boost sign ups. At the end of the promotion, one lucky winner walked away with the \$1,000,000 grand prize while other weekly winners were awarded gift baskets, supermarket vouchers, flat screen TVs and cash to their LASCO GOLD cards.



AUDITED FINANCIAL STATEMENTS





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Chartered Accountants
26 Beechwood Avenue
P.O. Box 351
Kingston 5, Jamaica

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Lasco Financial Services Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lasco Financial Services Limited set out on pages 75-128, which comprise the group and the company's statements of financial position at 31 March 2023, and the group and the company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the group and the company as at 31 March 2023, and of the group and the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the group and the company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Partners: S. M. McFarlane, J. Hibbert, D. Hobson, B. Vanriel, K. Heron
Associate Partner: D. Brown

Offices in Montego Bay, Mandeville and Ocho Rios

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INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Shareholders of
Lasco Financial Services Limited

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the Key audit matter
<p>Expected credit losses in relation to financial assets</p> <p><i>See notes 3 (l) and 16 to the consolidated financial statements for management's related accounting policies and disclosures.</i></p> <p>The group estimates expected credit losses (ECL) on loan receivables using a provision matrix based on historical credit loss experience.</p> <p>Customers were placed in aging buckets and a default risk percentage calculated using the incurred loss analyses over delinquent accounts, the credit history, risk profile of each customer and the aging of receivables.</p> <p>As at 31 March 2023, loans receivable, net of provision for credit losses represented \$900 million or 20% of total assets of the group. An impairment provision of \$138 million has been recognized by the group.</p> <p>The economic impact of COVID-19 resulted in an increased credit risk for a number of borrowers. As such, management applied additional adjustments to ECL calculation.</p> <p>We focused on this area due to the impact of COVID-19 on credit risk, and because there are a number of significant management determined judgements including:</p> <ul style="list-style-type: none"> • Determining the criteria for a significant increase in credit risk, which impacts the staging of the asset and the related calculation, ie one year or lifetime expected loss calculations. • Determining the relevant inputs and techniques included in the expected credit loss model utilised in probability of default (PD), loss given default (LGD) and exposures at default (EAD) parameters. 	<p>The group's accounting policy as it relates to the impairment provision for loan receivables was obtained and the reasonableness of the accounting policy assessed in relation to the requirements of the relevant standard.</p> <ul style="list-style-type: none"> • We established an understanding of management's ECL model including source data, the effectiveness of the implementation and the mathematical accuracy of the model. We tested the reliability of the source data used in the design of the model by confirming a sample to the historical data. • We tested manual and automated controls over the aging of loan receivables. Our testing of automated controls involved using our own information technology specialist to test the design, implementation and operating effectiveness of the automated controls. • We evaluated the appropriateness of management's assumptions and judgement in arriving at the forward looking multiple, by assessing the basis of the multiple economic scenarios used and the weighting assigned by management. The main macro factors used were compared to external public information and calculations tested through recomputation. • We tested the completeness of loan receivables to determine whether all financial instruments were included in the ECL calculation. • We reperformed the calculation of days past due, a key data input in the PD parameter, on a sample basis • We evaluated the appropriateness of the group's stage and where applicable, determined whether the significant increase in credit risk and default definitions were appropriately applied.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Shareholders of
Lasco Financial Services Limited

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the Key audit matter
	<ul style="list-style-type: none"> We determined whether the default risk percentage was accurately calculated and correctly applied to the relevant buckets of loan receivables. <p>Based on the audit procedures performed, no adjustments to the financial statements were deemed necessary.</p>
<p><i>Transactions with related parties</i></p> <p><i>See note 17 to the consolidated financial statements for management's disclosures of related party transactions and balances</i></p> <p>A significant portion of the foreign currencies are sold to related parties and as such these transactions could present a risk if not conducted at arm's length.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> We verified that the transactions were approved in accordance with internal procedures including involvement of key personnel at the appropriate level; We verified a sample of the sales of foreign currencies to related parties to determine that the transactions were at market rates offered to other customers. <p>Based on the audit procedures performed, no adjustments to the financial statements were deemed necessary.</p>
<p><i>Impairment Assessment of Goodwill</i></p> <p><i>See notes 3(f), 3(h), 4 and 20 of the consolidated financial statements for disclosures of related accounting policies, judgements, estimates and balances.</i></p> <p>As at 31 March 2023, the carrying value of goodwill was \$824 million, which represents 18% of total assets. On an annual basis, management tests whether goodwill is subject to impairment. The recoverable amounts of cash-generating units have been determined based on value in use calculations.</p> <p>We focused on this area because the assessment of the carrying value of goodwill involves significant judgement and estimation and is sensitive to changes in key assumptions.</p>	<p>Management's impairment assessment was tested by performing the following procedures, amongst others:</p> <ul style="list-style-type: none"> We obtained management's discounted cash flow model (DCF) including qualitative and quantitative analyses and updated our understanding of the process used by management to determine the value in use of each cash generating unit (CGU). We compared previous forecasts to actual results to assess the performance of the business and the accuracy of management's forecasting as well as compared the current year and previous year, 31 March 2022 financial information to assess the reasonableness of management's projections.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Shareholders of
Lasco Financial Services Limited

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the Key audit matter
<p><i>Impairment Assessment of Goodwill (cont'd)</i></p> <p>The key assumptions were assessed by management as being:</p> <ul style="list-style-type: none">• Loans revenue growth rate;• The rate of any significant increase in credit risk (SICR);• Inflation rate; and• Discount rate.	<ul style="list-style-type: none">• We challenged management's assessment regarding revenue growth and compared the revenue growth rates to historical revenue growth and externally derived data as well as our own assessments in relation to key inputs such as projected economic growth, inflation and discount rates;• We developed a range of parameters using available market inputs and historical information and performed sensitivity analyses using these parameters, which was compared to management's discount rate• We tested management's impairment testing model calculations for mathematical accuracy. <p>Based on the audit procedures performed, no adjustments were made to the financial statements.</p>

Other Information

Management is responsible for the other information. The other information comprises the Annual Report but does not include the consolidated and stand-alone financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated and stand-alone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and stand-alone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and stand-alone financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Shareholders of
Lasco Financial Services Limited

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and stand-alone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Shareholders of
Lasco Financial Services Limited

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (cont'd):

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Shareholders of
Lasco Financial Services Limited

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Donna Hobson.

A handwritten signature in black ink, appearing to be 'DHO'.

Chartered Accountants

29 May 2023



Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year Ended 31 March 2023

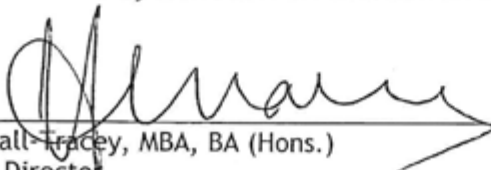
	<u>Note</u>	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
REVENUE:			
Income	6	2,113,207	2,425,222
Other operating income	7	<u>160,129</u>	<u>86,693</u>
		<u>2,273,336</u>	<u>2,511,915</u>
EXPENSES:			
Administrative and other expenses		(1,180,906)	(1,104,952)
Selling and promotion expenses		<u>(646,830)</u>	<u>(746,987)</u>
	8	<u>(1,827,736)</u>	<u>(1,851,939)</u>
PROFIT FROM OPERATIONS			
Finance costs	10	<u>(116,640)</u>	<u>(166,895)</u>
PROFIT BEFORE TAXATION			
Taxation	11(a)	<u>(114,998)</u>	<u>(186,632)</u>
NET PROFIT FOR THE YEAR, BEING TOTAL COMPREHENSIVE INCOME			
	12	<u>213,962</u>	<u>306,449</u>
EARNINGS PER STOCK UNIT			
Basic	13	<u>16.71¢</u>	<u>24.05¢</u>

Consolidated Statement of Financial Position


31 March 2023

	<u>Note</u>	<u>2023</u> \$'000	<u>2022</u> \$'000
<u>ASSETS</u>			
Cash and bank balances	14	961,287	961,515
Short term deposits	15	668,775	428,076
Receivables	16	1,654,845	2,021,495
Taxation recoverable		52,708	31,589
Deferred tax asset	18	119,256	105,713
Intangible assets	20	849,392	846,246
Property, plant and equipment	21	111,616	111,598
Right-of-use assets	22(a)	<u>142,172</u>	<u>157,582</u>
TOTAL ASSETS		<u>4,560,051</u>	<u>4,663,814</u>
<u>LIABILITIES AND EQUITY</u>			
LIABILITIES:			
Bank overdraft	14	265,568	-
Payables	24	584,039	951,458
Related companies	17(c)	19,508	12,812
Taxation		144,063	243,660
Deferred revenue	19	-	9,569
Loans	25	1,238,048	1,279,349
Lease liabilities	22(b)	<u>198,794</u>	<u>204,769</u>
		<u>2,450,020</u>	<u>2,701,617</u>
EQUITY:			
Share capital	26	114,536	114,536
Other reserve	27(c)	-	2,117
Retained earnings	28	<u>1,995,495</u>	<u>1,845,544</u>
		<u>2,110,031</u>	<u>1,962,197</u>
TOTAL LIABILITIES AND EQUITY		<u>4,560,051</u>	<u>4,663,814</u>

Approved for issue by the Board of Directors on 29 May 2023 and signed on its behalf by:



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



 Compton Rodney
 Director

Consolidated Statement of Changes In Equity

Year Ended 31 March 2023

	<u>Note</u>	<u>Share Capital \$'000</u>	<u>Other Reserve \$'000</u>	<u>Retained Earnings \$'000</u>	<u>Total \$'000</u>
BALANCE AT 1 APRIL 2021		<u>102,664</u>	<u>4,322</u>	<u>1,590,304</u>	<u>1,697,290</u>
TOTAL COMPREHENSIVE INCOME					
Net profit		<u>-</u>	<u>-</u>	<u>306,449</u>	<u>306,449</u>
TRANSACTIONS WITH OWNERS					
Issued shares	26	9,667	-	-	9,667
Transfer from other reserve	27(c)	2,205	(2,205)	-	-
Dividends paid	29	<u>-</u>	<u>-</u>	<u>(51,209)</u>	<u>(51,209)</u>
		<u>11,872</u>	<u>(2,205)</u>	<u>(51,209)</u>	<u>(41,542)</u>
BALANCE AT 31 MARCH 2022		<u>114,536</u>	<u>2,117</u>	<u>1,845,544</u>	<u>1,962,197</u>
TOTAL COMPREHENSIVE INCOME					
Net profit		<u>-</u>	<u>-</u>	<u>213,962</u>	<u>213,962</u>
TRANSACTIONS WITH OWNERS					
Transfer from other reserve	27(c)	-	(2,117)	-	(2,117)
Dividends paid	29	<u>-</u>	<u>-</u>	<u>(64,011)</u>	<u>(64,011)</u>
		<u>-</u>	<u>(2,117)</u>	<u>(64,011)</u>	<u>(66,128)</u>
BALANCE AT 31 MARCH 2023		<u>114,536</u>	<u>-</u>	<u>1,995,495</u>	<u>2,110,031</u>

Consolidated Statement of Cash Flows

Year Ended 31 March 2023

	<u>Note</u>	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit		213,962	306,449
Items not affecting cash resources:			
Exchange gain on foreign balances		12,127	(7,368)
Adjustment to intangible assets		-	45
Depreciation - right-of-use assets	22(a)	15,410	13,950
Amortisation of intangibles	20	5,389	21,815
Depreciation	21	23,249	24,973
Expired stock options		(2,117)	-
Interest income from loans		(340,285)	(465,050)
Interest income from securities		(51,015)	(21,831)
Interest income - other		(7,677)	(14,599)
Taxation expense	11(a)	128,541	194,961
Deferred taxation	18	(13,543)	(8,329)
Interest expense		103,024	152,925
Interest expense - right-of-use assets		13,616	13,970
Adjustment to property, plant and equipment		494	-
Adjustment to amortisation		(4,762)	-
Provision for impaired loss on loan		(62,439)	9,607
Loss on derecognition of right-of-use assets		-	(168)
		<u>33,974</u>	<u>221,350</u>
Changes in operating assets and liabilities:			
Receivables		400,537	(392,320)
Related companies		11,377	4,561
Payables		(374,745)	<u>199,623</u>
		<u>71,143</u>	<u>33,214</u>
Interest received - loans		341,980	494,925
Interest paid		(2,918)	(44,586)
Taxation paid		(230,676)	(81,398)
Cash provided by operating activities		<u>179,529</u>	<u>402,155</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received - securities		58,783	28,202
Additions to intangible assets	20	(8,549)	(1,131)
Additions to property, plant and equipment	21	(19,145)	(11,100)
Proceeds from disposal of assets		250	-
Short term deposits of assets		(240,699)	(108,539)
Cash used in investing activities		<u>(209,360)</u>	<u>(92,568)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest paid		(98,827)	(147,743)
Issued shares	26	-	9,667
Loan proceeds	14	90,000	1,300,000
Loan repayments	14	(132,577)	(1,505,121)
Lease payments	22(b)	(19,592)	(18,394)
Dividends paid	29	(64,011)	(51,209)
Cash used in financing activities		<u>(225,007)</u>	<u>(412,800)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>(254,838)</u>	<u>(103,213)</u>
Exchange (loss)/gain on cash balances		(10,958)	4,177
Cash and cash equivalents at beginning of year		<u>961,515</u>	<u>1,060,551</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	<u>695,719</u>	<u>961,515</u>

Statement of Profit or Loss and Other Comprehensive Income

Year Ended 31 March 2023

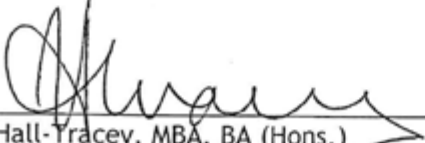
	<u>Note</u>	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
REVENUE:			
Income	6	1,772,922	1,960,172
Other operating income	7	<u>83,420</u>	<u>81,503</u>
		<u>1,856,342</u>	<u>2,041,675</u>
EXPENSES:			
Administrative and other expenses		(740,116)	(704,606)
Selling and promotion expenses		<u>(642,429)</u>	<u>(662,487)</u>
	8	<u>(1,382,545)</u>	<u>(1,367,093)</u>
PROFIT FROM OPERATIONS		473,797	674,582
Finance costs	10	<u>(113,284)</u>	<u>(165,429)</u>
PROFIT BEFORE TAXATION		360,513	509,153
Taxation	11(a)	<u>(122,739)</u>	<u>(184,174)</u>
NET PROFIT FOR THE YEAR, BEING TOTAL COMPREHENSIVE INCOME	12	<u><u>237,774</u></u>	<u><u>324,979</u></u>

Statement of Financial Position

31 March 2023

	<u>Note</u>	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
<u>ASSETS</u>			
Cash and bank balances	14	569,895	532,580
Short term deposits	15	668,775	428,076
Receivables	16	720,705	1,187,999
Related companies	17(c)	1,057,072	958,953
Taxation recoverable		48,783	31,589
Intangible assets	20	7,014	2,252
Property, plant and equipment	21	81,228	89,416
Right-of-use assets	22(a)	137,170	149,009
Deferred tax asset	18	32,883	27,081
Investment in subsidiaries	23	<u>1,350,045</u>	<u>1,350,045</u>
TOTAL ASSETS		<u>4,673,570</u>	<u>4,757,000</u>
<u>LIABILITIES AND EQUITY</u>			
LIABILITIES:			
Bank overdraft	14	265,568	-
Payables	24	548,196	903,930
Related companies	17(c)	19,508	12,812
Taxation		144,063	228,687
Lease liabilities	22(b)	192,284	194,973
Loans	25	<u>1,095,056</u>	<u>1,179,349</u>
		<u>2,264,675</u>	<u>2,519,751</u>
EQUITY:			
Share capital	26	114,536	114,536
Other reserve	27(c)	-	2,117
Retained earnings	28	<u>2,294,359</u>	<u>2,120,596</u>
		<u>2,408,895</u>	<u>2,237,249</u>
TOTAL LIABILITIES AND EQUITY		<u>4,673,570</u>	<u>4,757,000</u>

Approved for issue by the Board of Directors on 29 May 2023 and signed on its behalf by:



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



 Compton Rodney
 Director

Statement of Changes In Equity

Year Ended 31 March 2023

	<u>Note</u>	<u>Share Capital \$'000</u>	<u>Other Reserve \$'000</u>	<u>Retained Earnings \$'000</u>	<u>Total \$'000</u>
BALANCE AT 1 APRIL 2021		<u>102,664</u>	<u>4,322</u>	<u>1,846,826</u>	<u>1,953,812</u>
TOTAL COMPREHENSIVE INCOME					
Net profit		<u>-</u>	<u>-</u>	<u>324,979</u>	<u>324,979</u>
TRANSACTIONS WITH OWNERS					
Issued shares	26	9,667	-	-	9,667
Transfer from other reserve	27(c)	2,205	(2,205)	-	-
Dividends paid	29	<u>-</u>	<u>-</u>	<u>(51,209)</u>	<u>(51,209)</u>
		<u>11,872</u>	<u>(2,205)</u>	<u>(51,209)</u>	<u>(41,542)</u>
BALANCE AT 31 MARCH 2022		<u>114,536</u>	<u>2,117</u>	<u>2,120,596</u>	<u>2,237,249</u>
TOTAL COMPREHENSIVE INCOME					
Net profit		<u>-</u>	<u>-</u>	<u>237,774</u>	<u>237,774</u>
TRANSACTIONS WITH OWNERS					
Transfer from other reserve	27(c)	-	(2,117)	-	(2,117)
Dividends paid	29	<u>-</u>	<u>-</u>	<u>(64,011)</u>	<u>(64,011)</u>
		<u>-</u>	<u>(2,117)</u>	<u>(64,011)</u>	<u>(66,128)</u>
BALANCE AT 31 MARCH 2023		<u>114,536</u>	<u>-</u>	<u>2,294,359</u>	<u>2,408,895</u>

Statement of Cash Flows

Year Ended 31 March 2023

	<u>Note</u>	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit		237,774	324,979
Items not affecting cash resources:			
Unrealized exchange gain on foreign balances		12,127	(7,367)
Expired stock options		(2,117)	-
Depreciation	21	14,774	16,103
Amortisation of intangibles	20	-	15,598
Amortisation adjustments	20	(4,762)	-
Depreciation - right-of-use assets	22(a)	11,839	10,343
Interest income from related company loan	7	-	(40,398)
Interest income from securities	7	(27,610)	(10,688)
Interest income - other		(7,677)	(14,599)
Taxation expense	11(a)	128,523	192,257
Deferred taxation	18	(5,802)	(8,083)
Interest expense	10	100,106	152,103
Interest expense - right-of-use assets	22(b)	<u>13,178</u>	<u>13,326</u>
		470,353	643,574
Changes in operating assets and liabilities:			
Receivables		442,332	(629,986)
Related companies		(91,424)	238,162
Payables		<u>(356,903)</u>	<u>203,632</u>
		464,358	455,382
Interest received - related company loan		7,677	40,398
Taxation paid		<u>(213,148)</u>	<u>(53,806)</u>
Cash provided by operating activities		<u>258,887</u>	<u>441,974</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received - securities		35,378	17,059
Additions to property, plant and equipment	21	(6,586)	(8,590)
Short term deposits		<u>(240,699)</u>	<u>(108,539)</u>
Cash used in investing activities		<u>(211,907)</u>	<u>(100,070)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest paid		(98,827)	(147,743)
Issued shares	26	-	9,667
Loan proceeds	14	-	1,200,000
Loan repayments	14	(85,569)	(1,505,121)
Dividends paid	29	(64,011)	(51,209)
Lease payments	22(b)	<u>(15,868)</u>	<u>(14,509)</u>
Cash used in financing activities		<u>(264,275)</u>	<u>(508,915)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(217,295)	(167,011)
Exchange (loss)/gain on foreign cash balances		(10,958)	4,177
Cash and cash equivalents at beginning of year		<u>532,580</u>	<u>695,414</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	<u>304,327</u>	<u>532,580</u>

Notes to the Financial Statements

31 March 2023

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

- (a) Lasco Financial Services Limited (“the company”) is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is located at 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:
 - i. The sale and purchase of foreign currencies through its Cambio. The company is a licenced Cambio dealer regulated by the Bank of Jamaica.
 - ii. The provision of remittance services facilitating person to person transfers for a fee, in accordance with licences 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 of 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 dated 29 December 2021, 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 2022 which expired on 22 January 2022.

The Microcredit Act, 2021 became effective on 30 July 2021 and as such, section 14 of the Moneylending Act, which allowed for the exemption, was repealed. The company is in the process of applying for a licence to operate under the Microcredit Act, 2022.

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

2. REPORTING CURRENCY:

Items included in the financial statements of the group are measured using the currency of the primary economic environment in which the group operates (‘the functional currency’). These financial statements are presented in Jamaican dollars, which is considered the group’s functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES:

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. Amounts are rounded to the nearest thousand, unless otherwise stated.

Notes to the Financial Statements

31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), and have been prepared under the historical cost convention. They are also prepared in accordance with requirements of the Jamaican Companies Act.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

New, revised and amended standards and interpretations that became effective during the year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The group has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following amendment is relevant to its operations:

Amendments to IAS 1, 'Presentation of Financial Statements', (effective for accounting periods beginning on or after 1 January 2022). These amendments clarify that liabilities are classified as either current or non-current depending on the rights that exists at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver of breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The adoption of these amendments is not expected to have a significant impact on the group.

Amendment to IAS 16, 'Property, Plant and Equipment', (effective for accounting periods beginning on or after 1 January 2022). This amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The adoption of this amendment is not expected to have a significant impact on the group.

Notes to the Financial Statements

31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

New, revised and amended standards and interpretations that became effective during the year (cont'd)

Amendment to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', (effective for accounting periods beginning on or after 1 January 2022). This amendment clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. The adoption of this amendment is not expected to have a significant impact on the group.

Amendment to IFRS 3, 'Business Combinations', (effective for accounting periods beginning on or after 1 January 2022). This amendment updates the references to the Conceptual Framework for Financial Reporting and adds an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37, Provisions, Contingent Liabilities and Contingent Assets' and Interpretation 21, 'Levies'. The amendment also confirms that contingent assets should not be recognised at the acquisition date. The company will apply this amendment to future business combinations.

Annual Improvements 2018-2020, (effective for accounting periods beginning on or after 1 January 2022). The IASB issued its Annual Improvements to IFRSs 2018-2022 cycle amending a number of standards, of which the following are relevant to the company: IFRS 9, 'Financial Instruments' to clarify the fees that should be included in the 10% test for derecognition of financial liabilities; IFRS 16, 'Leases', which was amended to remove the reimbursement of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives. The adoption of these amendments is not expected to have a significant impact on the group.

New standards, amendments and interpretations not yet effective and not early adopted

At the date of authorization of these financial statements, there were certain new standards, amendments and interpretations to existing standards which were in issue but not yet effective and which the group has not early adopted.

The amendments which management considered may be relevant to the group are as follows:

Amendments to IAS 1, 'Presentation of Financial Statements', (effective for accounting periods beginning on or after 1 January 2023). These amendments clarify that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The adoption of these amendments is not expected to have a significant impact on the group.

Notes to the Financial Statements

31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

New, revised and amended standards and interpretations that became effective during the year (cont'd)

Amendments to IAS 1, 'Presentation of Financial Statements', Practice Statement 2 and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', (effective for accounting periods beginning on or after 1 January 2023). The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The adoption of these amendments is not expected to have a significant impact on the group.

Amendments to IAS 12 'Income Taxes', (effective for accounting periods beginning on or after 1 January 2023). The main change in deferred tax related to assets and liabilities from a single transaction is an exemption from the initial recognition exemption provided in IAS 12.15 and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The group is assessing the impact this amendment will have on its 2024 financial statements.

The group does not expect any other standards or interpretations issued by the IASB but not yet effective, to have a material effect on its financial statements.

(b) Basis of consolidation

Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the company and its subsidiaries ("the group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets acquired, and liabilities and contingent liabilities assumed are initially recognized at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of profit or loss and other comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Notes to the Financial Statements

31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(c) Basis of consolidation (cont'd)

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest over the fair value of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

The group uses the audited financial statements of its subsidiaries, Lasco Financial Services (Barbados) Limited and Lasco Microfinance Limited at 31 March 2023 for the purpose of consolidation.

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Operating segments are reported in a manner consistent with internal reporting to the group's chief operating decision maker.

(d) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in foreign currency are translated using the exchange rate as at the date of initial recognition.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in profit or loss.

(e) Property, plant and equipment

Items of property, plant and equipment are recorded at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Notes to the Financial Statements

31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(e) Property, plant and equipment (cont'd)

Depreciation is calculated on the straight-line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. The expected useful lives of property, plant and equipment are as follows:

Leasehold improvements	2-10 years
Furniture, fixtures and equipment	5-10 years
Computer hardware	4-5 years
Motor vehicles	5 years

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining profit or loss.

(f) Intangible assets

Goodwill

Goodwill is recorded at cost and represents the excess of the value of consideration paid over the group's interest in net fair value of the identifiable assets and liabilities of the acquiree. Goodwill is tested at the end of each reporting period for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Computer software

Computer software is deemed to have a finite useful life of five years and is measured at cost, less accumulated amortisation and accumulated impairment losses, if any.

(g) Provisions

Provisions are recognized when the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Notes to the Financial Statements

31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(g) Provisions (cont'd)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

(h) Impairment of non-current assets

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash flows. Non financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment of goodwill and other intangibles is dependent upon management's internal assessment of future cash flows from the intangibles and cash generating units that gave rise to the goodwill. That internal assessment determines the amount recoverable from future use of cash generating units in respect of goodwill. The estimate of the amount recoverable from future use of those units is sensitive to the discount rates used.

(i) Current and deferred income taxes

Taxation expense in profit or loss comprises current and deferred tax charges.

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The group's liability for current tax is calculated at tax rates that have been enacted at the reporting date.

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Notes to the Financial Statements

31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(i) Current and deferred income taxes (cont'd)

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income or equity, in which case deferred tax is also dealt with in other comprehensive income or equity.

(j) Employee benefits

Defined contribution plan

The group participates in a defined contribution pension plan which is funded by employees' contributions and employer's contributions made on the basis provided by the rules. Once the contributions have been paid, the group has no further obligations. Contributions are charged to the statement of profit or loss, in the year to which they relate.

Share-based compensation

The company operates an equity-settled share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense, with corresponding increase in equity, over the period in which the employee becomes vested to the company. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At the end of each reporting period, the group revises its estimates of the number of options that are expected to become exercisable.

It recognizes the impact of the revision of original estimates, if any, in profit or loss, and a corresponding adjustment to equity over the remaining vesting period.

The fair value of employee stock options is measured using the Black-Scholes-Merton formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), weighted average expected life of the instruments (based on historical experience and general option holder behaviours), expected dividends, and the risk-free interest rate (based on treasury bill rates). Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair value.

Other

Other employee benefits that are expected to be settled wholly within 12 months after the end of the reporting period are presented as current liabilities.

The group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration profit attributable to the group's stockholders after certain adjustments.

Notes to the Financial Statements

31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(k) Revenue recognition

Revenue is measured taking into account contractually defined terms of payment. Revenue comprises the fair value of the consideration specified in a contract which is received or receivable for services provided in the ordinary course of the group's business and is recognized to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured, regardless of when the payment is made.

The specific recognition criteria are described below -

Interest income

Interest income is recognized in profit or loss using the effective interest method. The "effective interest rate" is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instruments to its gross carrying amount.

When calculating the effective interest rate for financial instruments, the group estimates future cash flows considering all contractual terms of the financial instrument. For credit impaired financial assets the effective interest rate is applied to the net carrying amount of the financial assets, that is, after deduction of ECL.

Fees and commission

Fees and commission are recognized on the accruals basis when the related services are performed. Original fees for loans which are probable of being drawn are recognized in profit or loss immediately as they are not considered material for deferral.

(l) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity in another entity.

Financial assets

(i) Recognition and derecognition

Financial assets are initially recognised on the settlement date, which is the date that an asset is delivered to the group. This includes regular purchases of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Notes to the Financial Statements

31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(l) Financial instruments (cont'd)

Financial assets (cont'd)

(i) Recognition and derecognition (cont'd)

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains all or substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognised financial assets that is created or retained by the group is recognised as a separate asset or liability.

(ii) Classification

The group classifies all of its financial instruments at initial recognition based on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets recorded at fair value through profit or loss (FVPL), transaction costs are added to, or subtracted from, this amount.

The group classifies its financial assets as those measured at amortised cost.

(iii) Measurement

Amortised cost

These assets arise principally from the provision of goods and services to customers (eg. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest (SPPI). They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The group's financial assets measured at amortised cost comprise loans receivable, other receivables, short term deposits and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents are carried in the statement of financial position at fair value. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand, net of bank overdraft.

Notes to the Financial Statements

31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(l) Financial instruments (cont'd)

Financial assets (cont'd)

(iv) Impairment

Financial assets carried at amortised cost are assessed on a forward looking basis for the expected credit losses associated with these instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

General Model

A pervasive concept in measuring expected credit loss (ECL) in accordance with IFRS 9 is that it should consider forward-looking information. The group utilized a probability-weighted assessment of the factors which it believes will have an impact on forward looking rates.

ECL is calculated by multiplying the probability of default (PD), loss given default (LGD) and exposure at default (EAD).

Impairment provisions for financial assets are recognised based on a 'three-stage' model for changes in credit quality since initial recognition as summarized below:

- Stage 1 - This category comprises instruments which are performing in accordance with the contractual terms and conditions and display no deterioration in credit risk since initial recognition. This category also includes those financial instruments with low credit risk. Financial instruments in this category have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months.
- Stage 2 - This category includes instruments which display a significant increase in credit risk (SICR) since initial recognition but have not yet defaulted. The computation of ECL is based on lifetime PD that represents the probability of default occurring over the remaining estimated life of the financial instrument. The consideration of longer timeframes and increased credit risk results in higher provisions in this stage. The actual ECL is determined after deducting the market value of security provided for loans.
- Stage 3 - This category includes instruments that are in default.

Simplified Approach

The probability of the non-payment of receivables which do not have a finance component is assessed by taking into consideration historical rates of default for each segment of the receivables as well as the estimated impact of forward looking information. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime ECL.

Notes to the Financial Statements

31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(l) Financial instruments (cont'd)

Financial liabilities

The group's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the reporting date, the following items were classified as financial liabilities: payables, long term loans, related company balances, bank overdraft and lease liabilities.

The group derecognises a financial liability when its contractual obligations expire or are discharged or cancelled.

(m) Borrowings

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred and are subsequently measured at amortised cost. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in profit or loss over the period of the borrowings.

(n) Right-of-use assets

Right-of-use assets are initially measured at an amount equal to the initial value of the lease obligation which is subsequently, adjusted for the following items:

- i) Any lease payments made at or before the commencement date, less any lease incentives received;
- ii) Any initial direct costs incurred by the group;
- iii) An estimate of costs to dismantle and remove the underlying asset or to restore the site on which the asset is located.

For short-term leases that have a lease term of 12 months or less and low-value assets, the group has elected to not recognize a lease obligation and right-of-use asset and instead will recognize a lease expense as permitted under IFRS 16.

Right-of-use assets are depreciated using the straight-line method from the date of commencement of the lease to the earlier of the end of the useful life of the asset or end of the lease term.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36, Impairment of Assets, which replaces the previous requirement to recognize a provision for onerous lease contracts under IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

Notes to the Financial Statements

31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(o) Leases

Leases are accounted for by recognizing a right-of-use asset and a lease liability except for leases of low value assets and leases with a term of 12 months or less.

The lease obligation is measured at the present value of the contractual obligation, discounted using the interest rate implicit in the lease term, unless that rate is not readily determinable, in which case the group will use its incremental borrowing rate.

The lease term determined by the group comprises:

- i) The non-cancellable period of lease contracts, including a rent-free period if applicable;
- ii) Periods covered by an option to extend the lease if the group is reasonably certain to exercise that option;
- iii) Periods covered by an option to terminate the lease if the group is reasonably certain not to exercise that option.

The commencement date of the lease begins on the date on which the lessor makes the underlying asset available for use to the group. Lease payments included in the measurement of the lease obligation are comprised of the following:

- i) Fixed lease payments, including in-substance fixed payments;
- ii) Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- iii) Amounts expected to be payable under a residual value guarantee;
- iv) The exercise price of purchase options that the group is reasonably certain to exercise;
- v) Lease payments in an option renewal period if the group is reasonably certain to exercise the extension option;
- vi) Penalties for early termination of the lease unless the group is reasonably certain not to terminate early; and
- vii) Less any incentive receivable.

Notes to the Financial Statements

31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(o) Leases (cont'd)

Variable payments for leases that do not depend on an index or rate are not included in the measurement of the lease obligations. The variable payments are recognized as an expense in the period in which they are incurred. Having elected to do so, the company accounts for any lease and associated non-lease components as a single arrangement, which is permitted under IFRS 16.

Interest on the lease obligations is calculated using the effective interest method and increases the lease obligation while rent payments reduce the obligation. The lease obligation is re-measured whenever a lease contract is modified and the lease modification is not accounted for as a separate lease, or there is a change in the assessment of the exercise of an extension option. The lease obligation is re-measured by discounting the revised lease payments using a revised discount rate resulting in a corresponding adjustment to the right-of-use asset or is recorded in gain or loss if the carrying amount of the right-of-use asset has been reduced to zero or the modification results in a reduction in the scope of the lease. The revised carrying amount is amortised over the remaining lease term.

(p) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributed to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Investment in subsidiaries

Investment by the company in its subsidiaries is stated at cost.

(r) Dividend distribution

Dividends are recorded as a deduction from equity and recognized as a liability in the company's financial statements in the period in which the dividends are declared or approved. In the case of interim dividends to shareholders, this is when declared by the directors and final dividends when approved by the company's shareholders.

Dividend for the year that are declared after the reporting date are dealt with in the subsequent events note.

(s) Related party balances and transactions

Parties are considered to be related if directly, or indirectly through one or more intermediaries, the party controls, is controlled by or is under common control with the entity (this includes parents, subsidiaries and fellow subsidiaries), has significant influence over the entity or has joint control over the entity. Related party balances and transactions are disclosed for the following:

Notes to the Financial Statements

31 March 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(s) Related party balances and transactions (cont'd)

- (i) Enterprises and individuals owning, directly or indirectly, a significant interest in voting power of the company and /or having significant influence over the company's affairs and close members of the family of these individuals.
- (ii) Key management personnel, that is, those persons having authority and responsibility for planning directing and controlling the activities of the company, including directors, officers and close members of the families of these individuals.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the group's accounting policies

In the process of applying the group's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognized in the financial statements.

(b) Key sources of estimation uncertainty

The group makes certain estimates and assumptions regarding the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Depreciable assets

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The company applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

(ii) Income taxes

Estimates are required in determining the provision for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain. The company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Notes to the Financial Statements

31 March 2023

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):

(b) Key sources of estimation uncertainty (cont'd)

(iii) Allowance for impairment losses

In determining amounts recorded for impairment losses on loans receivable in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be measurable decrease in estimated future cash flows from loans receivable, for example, through unfavourable economic conditions and default.

Allowances for doubtful accounts are determined upon origination of the loans receivable based on a model that calculates the expected credit loss (ECL) of the loans receivable.

The measurement of the expected credit loss (ECL) allowance for loans receivable is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of borrowers defaulting and the resulting losses). A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL; and
- Determining the market value of security provided for loans.

(iv) Assessment of goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 3(f). The assessment of goodwill impairment involves the determination of the value in use. Determination of value in use involves the estimation of future cash flows from the business taking into consideration the growth rates, inflation rates and discount rate. Any changes in these variables would impact the value in use calculations.

5. FINANCIAL RISK MANAGEMENT:

The group is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price, and
- Liquidity risk

Notes to the Financial Statements

31 March 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D):

In common with all other businesses, the group is exposed to risks that arise from its use of financial instruments. This note describes the group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(a) Principal financial instruments

The principal financial instruments used by the group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and bank balances
- Short term deposits
- Payables
- Due from/to related company
- Long term loans
- Lease liabilities
- bank overdraft

(b) Financial instruments by category

Financial assets

	<u>The Group</u>		<u>The Company</u>	
	<u>Amortised cost</u>		<u>Amortised cost</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Receivables	1,449,315	1,748,809	533,589	921,897
Related companies	-	-	1,057,072	958,953
Short term deposits	668,775	428,076	668,775	428,076
Cash and bank balances	<u>981,802</u>	<u>961,515</u>	<u>589,630</u>	<u>532,580</u>
Total financial assets	<u>3,099,892</u>	<u>3,138,400</u>	<u>2,849,066</u>	<u>2,841,506</u>

Notes to the Financial Statements

31 March 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(b) Financial instruments by category

Financial liabilities

	<u>The Group</u>		<u>The Company</u>	
	<u>Amortised cost</u>		<u>Amortised cost</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Loans	1,238,048	1,279,349	1,095,056	1,179,349
Bank overdraft	286,083	-	285,303	-
Related companies	19,508	12,812	19,508	12,812
Payables	464,574	890,973	445,586	857,312
Lease liabilities	<u>198,794</u>	<u>204,769</u>	<u>192,284</u>	<u>194,973</u>
Total financial liabilities	<u>2,207,007</u>	<u>2,387,903</u>	<u>2,037,737</u>	<u>2,244,446</u>

(c) Financial risk factors

The Board has overall responsibility for the determination of the group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the group's finance function. The Board receives quarterly reports from the Audit and Risk Management Committee through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The company's internal auditors also review the risk management policies and processes and report their findings to the Audit and Risk Management Committee.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the group's competitiveness and flexibility. Further details regarding these policies are set out below:

(i) Market risk

Market risk arises from the group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises from trade receivables, payables, short term deposits and foreign currency cash and bank balances. The group manages this risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The group further manages this risk by maximizing foreign currency earnings and holding net foreign currency assets.

Notes to the Financial Statements

31 March 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(i) Market risk (cont'd)

Currency risk (cont'd)

Concentration of currency risk

The table below summarises the group's exposure to foreign currency rate risk at 31 March 2023.

	The Group				
	<u>US</u> <u>J\$'000</u>	<u>GBP</u> <u>J\$'000</u>	<u>Euro</u> <u>J\$'000</u>	<u>CAN</u> <u>J\$'000</u>	<u>Barbados</u> <u>J\$'000</u>
At 31 March 2023					
Financial assets:					
Cash and cash equivalents	131,302	5,005	598	8,028	-
Short term deposits	406,370	-	-	-	-
Trade receivables	<u>490,437</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total financial assets	<u>1,028,109</u>	<u>5,005</u>	<u>598</u>	<u>8,028</u>	<u>-</u>
Financial liabilities:					
Bank overdraft	19,735				
Payables	<u>156,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total financial liabilities	<u>175,740</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net financial position	<u>852,369</u>	<u>5,005</u>	<u>598</u>	<u>8,028</u>	<u>-</u>
At 31 March 2022					
Total financial assets	951,566	709	77	1,034	-
Total financial liability	<u>162,190</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,789)</u>
Net financial position	<u>789,164</u>	<u>709</u>	<u>77</u>	<u>1,034</u>	<u>(1,789)</u>

Notes to the Financial Statements

31 March 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(i) Market risk (cont'd)

Currency risk (cont'd)

Concentration of currency risk (cont'd)

The table below summarises the company's exposure to foreign currency rate risk at 31 March (cont'd)

	The Company				
	<u>US</u> <u>J\$'000</u>	<u>GBP</u> <u>J\$'000</u>	<u>EURO</u> <u>J\$'000</u>	<u>CAN</u> <u>J\$'000</u>	<u>KYD</u> <u>J\$'000</u>
At 31 March 2023					
Financial assets:					
Cash and cash equivalents	131,302	5,005	598	8,028	-
Short term deposits	406,370	-	-	-	-
Trade receivables	490,437	-	-	-	-
Total financial assets	1,028,109	5,005	598	8,028	-
Financial liabilities:					
Bank overdraft	19,735	-	-	-	-
Payables	156,005	-	-	-	-
Total financial liabilities	175,740	-	-	-	-
Net financial position	852,369	5,005	598	8,028	-
At 31 March 2022					
Total financial assets	951,354	709	77	1,034	-
Total financial liability	162,190	-	-	-	-
Net financial position	789,164	709	77	1,034	-

Foreign currency sensitivity

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated cash and cash equivalents, short term deposits, payables and receivable balances, and adjusts their translation at the year-end for 4% (2022 - 8%) depreciation and a 1% (2022 - 2%) appreciation of the Jamaican dollar against the various currencies. The changes below would have no impact on other components of equity.

Notes to the Financial Statements

31 March 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(i) Market risk (cont'd)

Currency risk (cont'd)

Foreign currency sensitivity (cont'd)

The Group

<u>Currency</u>	<u>% Change in</u>	<u>Effect on</u>	<u>% Change in</u>	<u>Effect on</u>
	<u>2023</u>	<u>Profit before</u>	<u>2022</u>	<u>Profit before</u>
		<u>Taxation</u>		<u>Taxation</u>
		<u>2023</u>		<u>2022</u>
		<u>\$'000</u>		<u>\$'000</u>
USD	+1	(14,562)	+2	(15,788)
GBP	+1	(94)	+2	(14)
EURO	+1	(12)	+2	(2)
CAN	+1	(45)	+2	(21)
BARBADOS	+1	-	+2	36
USD	-4	58,249	-8	63,150
GBP	-4	376	-8	57
EURO	-4	47	-8	6
CAN	-4	181	-8	83
BARBADOS	<u>-4</u>	<u>-</u>	<u>-8</u>	<u>(143)</u>

The Company

<u>Currency</u>	<u>Effect on</u>	<u>Effect on</u>	<u>Profit before</u>	<u>Profit before</u>
	<u>% Change in</u>	<u>% Change in</u>		
	<u>2023</u>	<u>2022</u>	<u>Taxation</u>	<u>Taxation</u>
			<u>2023</u>	<u>2022</u>
			<u>\$'000</u>	<u>\$'000</u>
USD	+1	+2	(8,524)	(15,783)
GBP	+1	+2	(50)	(14)
EURO	+1	+2	(6)	(2)
CAN	+1	+2	(80)	(21)
USD	-4	-8	34,095	63,133
GBP	-4	-8	200	57
EURO	-4	-8	24	6
CAN	<u>-4</u>	<u>-8</u>	<u>321</u>	<u>83</u>

Notes to the Financial Statements

31 March 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(i) Market risk (cont'd)

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The group does not have a significant exposure and as such, market price fluctuations are not expected to have a material effect on the net results or stockholders' equity.

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Floating rate instruments expose the group to cash flow interest rate risk, whereas fixed rate instruments expose the group to fair value interest rate risk.

The group is exposed to both fair value and cash flow interest rate risk on its fixed and variable rate borrowings, respectively. The group analyses its interest rate exposure arising from borrowings on an ongoing basis, taking into consideration the options of refinancing, renewal of existing positions and alternative financing.

The loan portfolio, short term deposits and some bank accounts are the only interest bearing assets within the group. The group's short term deposits are due to mature within 12 months of the reporting date.

Interest rate sensitivity

A 1% increase/0.5% decrease (2022 - 3% increase/0.5% decrease) in interest rates on Jamaican dollar borrowings would result in a \$12,793,000 increase and \$6,190,000 decrease (2022 - \$38,380,000 increase/\$6,396,000 decrease) in profit before tax for the group.

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from trade receivables, short term deposits, bank balances and related company balances.

Maximum exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of trade and other receivables, short term deposits, cash and cash equivalents and related company balances in the statement of financial position.

Notes to the Financial Statements

31 March 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(ii) Credit risk (cont'd)

Maximum exposure to credit risk (cont'd)

Cash and cash equivalents

Cash transactions are limited to high credit quality financial institutions. The group has policies that limit the amount of credit exposure to any one financial institution.

Trade receivables

Revenue transactions in respect of the group's primary operations are settled in cash. For its operations done on a credit basis, the group has policies in place to ensure that sales of services are made to customers with an appropriate credit history.

Credit quality review process

The group has established a credit quality review process involving regular analysis of the ability of borrowers and other counterparties to meet interest and capital repayment obligations. The group assesses the probability of default of individual counterparties based on payment history and changes in the circumstances of individuals or groups since the issue of loans. Counterparty limits are established according to the numbers of persons in a group and the nature of the activity undertaken. The credit quality process review allows the group to assess the potential loss as a result of the risk to which it is exposed and take corrective action.

Loans receivable impairment provision

The impairment requirements of IFRS 9 are based on an Expected Credit Loss (ECL) model. The guiding principle of the ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments.

The company estimates expected credit losses (ECL) on loans receivable from independent customers using a provision matrix based on historical credit loss experience as well as the credit risk and expected developments.

Notes to the Financial Statements

31 March 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(ii) Credit risk (cont'd)

Trade receivables (cont'd)

Loans receivable impairment provision (cont'd)

31 March 2023

	Gross Carrying Amount \$'000	Default Rate %	Lifetime ECL Allowance \$'000
Aging			
Due within 1 month	13,512	4	476
1 to 3 months	23,821	2	512
4 to 12 months	276,890	17	47,991
Over 12 months	<u>724,328</u>	12	<u>89,111</u>
Total	<u>1,038,551</u>		<u>138,090</u>

31 March 2022

	Gross Carrying Amount \$'000	Default Rate %	Lifetime ECL Allowance \$'000
Aging			
Due within 1 month	22,408	77	17,217
1 to 3 months	33,690	26	8,724
4 to 12 months	278,052	17	48,337
Over 12 months	<u>679,106</u>	19	<u>126,251</u>
Total	<u>1,013,256</u>		<u>200,529</u>

Expected credit losses of trade and other receivables (note 16)

Movements on the provision for impairment of trade and other receivables are as follows:

	<u>The Group</u>	
	<u>2023</u> \$'000	<u>2022</u> \$'000
At 1 April	200,529	190,922
Provision for receivables impairment	14,984	131,402
Receivables written off during the year as uncollectible	<u>(77,423)</u>	<u>(121,795)</u>
At 31 March	<u>138,090</u>	<u>200,529</u>
Provided during the year	14,984	131,402
Recoveries	<u>(74,714)</u>	<u>(102,829)</u>
Expected credit losses reported in profit or loss	<u>(59,730)</u>	<u>28,573</u>

Notes to the Financial Statements

31 March 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(ii) Credit risk (cont'd)

Expected credit losses of trade receivables

The creation and release of provision for impaired receivables in the group have been included in expenses in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. Impairment estimates have been adjusted based on actual collection patterns. An additional amount has been included in the calculation of the expected credit losses which represents management's assessment of the impact of COVID-19 on the group.

The company's trade receivables from money transfer activities are received from the money transfer companies within two business days. Based on that business model, a provision for expected credit losses is not required.

Concentration of risk - trade receivables

The following table summarises the group's credit exposure for trade receivables at their carrying amounts, as categorized by the customer sector:

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
International:				
Money transfer	421,332	425,206	421,332	425,206
Local:				
Loans	<u>1,038,551</u>	<u>1,013,256</u>	<u>-</u>	<u>-</u>
	1,459,883	1,438,462	421,332	425,206
Less: Provision for credit losses	<u>(138,090)</u>	<u>(200,529)</u>	<u>-</u>	<u>-</u>
	<u>1,321,793</u>	<u>1,237,933</u>	<u>421,332</u>	<u>425,206</u>

(iii) Liquidity risk

Liquidity risk is the risk that the group will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

Notes to the Financial Statements

31 March 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(iii) Liquidity risk (cont'd)

Liquidity risk management process

The group's liquidity risk management process, as carried out within the group and monitored by the Finance Department, includes:

- (i) Monitoring future cash flows and liquidity on a daily basis.
- (ii) Maintaining a portfolio of short term deposit balances that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- (iii) Maintaining committed lines of credit.
- (iv) Optimising cash returns on investments.

Cash flows of financial liabilities

The maturity profile of the group's financial liabilities, based on contractual undiscounted payments, is as follows:

	The Group			
	Within 1	2 to 5	Over 5	Total
	Year	Years	Years	
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
31 March 2023				
Bank overdraft	286,083	-	-	286,083
Payables	464,574	-	-	464,574
Related companies	19,508	-	-	19,508
Lease liabilities	22,893	76,786	235,022	334,701
Loans	<u>230,375</u>	<u>853,916</u>	<u>583,319</u>	<u>1,667,610</u>
Total financial liabilities (contractual maturity dates)	<u>1,023,433</u>	<u>930,702</u>	<u>818,341</u>	<u>2,772,476</u>

	The Group			
	Within 1	2 to 5	Over 5	Total
	Year	Years	Years	
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
31 March 2022				
Payables	885,742			885,742
Related companies	12,812			12,812
Loans	179,331	750,087	825,477	1,754,895
Lease liabilities	<u>19,770</u>	<u>78,982</u>	<u>255,643</u>	<u>354,395</u>
Total financial liabilities (contractual maturity dates)	<u>1,097,655</u>	<u>829,069</u>	<u>1,081,120</u>	<u>3,007,844</u>

Notes to the Financial Statements

31 March 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(iii) Liquidity risk (cont'd)

Cash flows of financial liabilities (cont'd)

	The Company			
	Within 1	2 to 5	Over 5	Total
	Year	Years	Years	Total
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
31 March 2023				
Payables	445,586	-	-	445,586
Bank overdraft	285,303	-	-	285,303
Related companies	19,508	-	-	19,508
Lease liabilities	16,383	76,786	235,022	328,191
Loans	<u>204,179</u>	<u>732,415</u>	<u>579,780</u>	<u>1,516,374</u>
Total financial liabilities (contractual maturity dates)	<u>970,959</u>	<u>809,201</u>	<u>814,802</u>	<u>2,594,962</u>

	The Company			
	Within 1	2 to 5	Over 5	Total
	Year	Years	Years	Total
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
31 March 2022				
Payables	857,312	-	-	857,312
Related companies	12,812	-	-	12,812
Lease liabilities	15,899	72,549	255,643	344,091
Loans	<u>173,236</u>	<u>692,944</u>	<u>779,562</u>	<u>1,645,742</u>
Total financial liabilities (contractual maturity dates)	<u>1,059,259</u>	<u>765,493</u>	<u>1,035,205</u>	<u>2,859,957</u>

(d) Capital management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders. The Board of Directors monitors the return on capital, which the group defines as net operating income, excluding non-recurring items, divided by total stockholders' equity. The Board of Directors also monitors the level of dividends to stockholders.

There are no particular strategies to determine the optimal capital structure.

Notes to the Financial Statements

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6. INCOME:

Income represents the margin between the buying and selling rates of foreign currencies, commission received as a percentage of fees from remittance transactions, interchange from VISA prepaid card transactions and interest earned on the granting of loans.

7. OTHER OPERATING INCOME:

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Interest income on securities	51,015	21,831	27,610	10,688
Rental income	-	-	971	1,817
Processing fees and commission	82,041	40,331	27,766	5,886
Other (see below)	27,073	24,531	27,073	22,714
Interest on loans	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,398</u>
	<u>160,129</u>	<u>86,693</u>	<u>83,420</u>	<u>81,503</u>

Included in other are income categories amounting to less than \$2 million. The balance also includes an amount of \$2.6 million (2022 - \$1.96 million) earned by the company under the Ministry of Finance and the Public Service CARE agreement, as well as interest income of \$6.3 million (2022 - \$14.6 million) on GCT refunded from Inland Revenue.

Notes to the Financial Statements

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8. EXPENSES BY NATURE:

Total administrative, selling and other expenses:

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Staff costs (note 9)	754,456	639,016	415,957	352,156
Building rental	9,548	11,307	2,866	2,857
Security services	21,373	13,220	15,855	9,213
Depreciation and amortisation	23,798	46,788	10,012	31,701
Depreciation - right-of-use assets	15,411	13,950	11,840	10,343
Commission and fees	608,936	652,917	592,828	639,430
Advertising and promotion	58,180	27,181	49,601	23,048
Auditors' remuneration	9,400	8,350	5,100	4,250
Legal and professional fees	56,646	88,859	46,769	69,521
Directors' fees	20,664	18,222	18,352	15,910
Cash and bank charges	21,389	21,392	20,898	20,317
Printing, courier and stationery	40,953	56,876	40,102	55,474
Computer repairs and development	45,119	48,697	45,119	46,534
Office supplies and building maintenance	10,277		8,575	
Electricity	13,273	11,191	8,150	7,064
Insurance	10,618	13,099	10,618	13,099
Information, communication and technology	19,164	16,539	16,657	10,901
Irrecoverable GCT	30,200	12,146	30,200	12,146
Other operating expenses (see below)	55,860	57,523	10,345	15,175
Travelling and motor vehicle expenses	46,533	44,701	7,033	6,394
Donations	7,800	7,500	7,800	7,500
Subscriptions	7,868	14,060	7,868	14,060
Impairment (gain)/losses on loans, net of recoveries	(59,730)	28,573	-	-
Loss on sale of investment property	-	(168)	-	-
	<u>1,827,736</u>	<u>1,851,939</u>	<u>1,382,545</u>	<u>1,367,093</u>

Included in other operating expenses are expense categories amounting to less than \$4 million.

Notes to the Financial Statements

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9. STAFF COSTS:

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Salaries and wages	514,756	467,486	259,725	241,455
Directors' remuneration	62,042	43,708	62,042	43,708
Statutory contributions	66,853	55,448	33,494	26,706
Pension costs	20,260	17,892	11,420	9,931
Other	<u>90,545</u>	<u>54,482</u>	<u>49,276</u>	<u>30,356</u>
	<u>754,456</u>	<u>639,016</u>	<u>415,957</u>	<u>352,156</u>

Included in other are amounts for health and life insurance, staff lunch, training, accommodation and other welfare benefits.

The number of persons employed by the group at year end was two hundred and one (201) (2022 - one hundred and sixty-four (164)).

10. FINANCE COSTS:

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Interest expense -				
Overdraft interest	9,870	5,594	9,870	5,594
Loan interest	93,154	147,331	90,236	146,509
Right-of-use assets	<u>13,616</u>	<u>13,970</u>	<u>13,178</u>	<u>13,326</u>
	<u>116,640</u>	<u>166,895</u>	<u>113,284</u>	<u>165,429</u>

11. TAXATION EXPENSE:

(a) Taxation is based on the operating results for the year, adjusted for taxation purposes, and comprises:-

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Current taxation	127,246	190,538	127,246	187,834
Under provision in prior year	1,295	4,423	1,295	4,423
Deferred taxation (note 18)	<u>(13,543)</u>	<u>(8,329)</u>	<u>(5,802)</u>	<u>(8,083)</u>
	<u>114,998</u>	<u>186,632</u>	<u>122,739</u>	<u>184,174</u>

Notes to the Financial Statements

31 March 2023

11. TAXATION EXPENSE (CONT'D):

- (b) The tax on the profit before taxation differs from the theoretical amount that would arise using the applicable tax rates as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Profit before taxation	<u>328,960</u>	<u>493,081</u>	<u>360,513</u>	<u>509,153</u>
Tax calculated @ 33 1/3%	120,171	169,718	120,171	169,718
Tax calculated @ 25%	(6,773)	(4,018)	-	-
Adjusted for the effects of:				
Expenses not deducted for tax purposes	42,057	87,967	30,121	45,217
Under provision in prior year	1,295	4,423	1,295	4,423
Net effect of other charges and allowances	<u>(41,752)</u>	<u>(71,458)</u>	<u>(28,848)</u>	<u>(35,184)</u>
	<u>114,998</u>	<u>186,632</u>	<u>122,739</u>	<u>184,174</u>

- (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 period ended on 11 October 2020. The financial statements were prepared on the basis that the company would retain the full benefit of the tax remissions effected in 2022 and prior years.

12. NET PROFIT/(LOSS):

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Reflected in the financial statements of:		
Company	237,774	324,979
Subsidiaries	<u>(23,812)</u>	<u>(18,530)</u>
	<u>213,962</u>	<u>306,449</u>

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EARNINGS PER STOCK UNIT:

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

	<u>2023</u>	<u>2022</u>
Net profit attributable to stockholders (\$'000)	213,962	306,449
Weighted average number of ordinary stock units ('000)	1,280,227	1,274,042
Earnings per stock unit (¢ per share)	<u>16.71</u>	<u>24.05</u>

CASH AND CASH EQUIVALENTS:

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Cash and bank balances-				
Foreign currency accounts	109,645	251,221	109,019	251,009
Jamaican currency current accounts	98,520	225,630	80,885	152,485
Fixed deposits	373,083	355,530	-	-
Cash in hand	<u>380,039</u>	<u>129,134</u>	<u>379,991</u>	<u>129,086</u>
	<u>961,287</u>	<u>961,515</u>	<u>569,895</u>	<u>532,580</u>
Bank overdraft				
Local currency current account	<u>265,568</u>	<u>-</u>	<u>265,568</u>	<u>-</u>
	<u>265,568</u>	<u>-</u>	<u>265,568</u>	<u>-</u>
	<u>695,719</u>	<u>961,515</u>	<u>304,327</u>	<u>532,580</u>

Reconciliation of movements of liabilities to cash flows arising from financing activities:

Amounts represent bank and other loans.

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
At 1 April	1,279,349	1,456,045	1,179,349	1,456,045
Cash -				
Loans received	90,000	1,300,000	-	1,200,000
Loans repaid	(132,577)	(1,505,121)	(85,569)	(1,505,121)
Non-cash -				
Transaction cost amortised	-	24,065	-	24,065
Interest accrued	<u>1,276</u>	<u>4,360</u>	<u>1,276</u>	<u>4,360</u>
At 31 March (note 25)	<u>1,238,048</u>	<u>1,279,349</u>	<u>1,095,056</u>	<u>1,179,349</u>

Notes to the Financial Statements

31 March 2023

15. **SHORT TERM DEPOSITS:**

This represents deposits with original maturities of greater than three months but less than 1 year.

16. **RECEIVABLES:**

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade receivables -				
Money transfer	421,332	425,206	421,332	425,206
Loans	900,461	812,727	-	-
Prepayments	21,561	16,258	15,395	8,583
Other receivables	287,730	688,542	260,217	675,448
GCT recoverable	<u>23,761</u>	<u>78,762</u>	<u>23,761</u>	<u>78,762</u>
	<u>1,654,845</u>	<u>2,021,495</u>	<u>720,705</u>	<u>1,187,999</u>

Loans:

(i) Loans are comprised of and mature as follows:

	<u>The Group</u>	
	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
Due within 1 month	13,512	22,408
1 to 3 months	23,821	33,690
4 to 12 months	276,890	278,052
Over 12 months	<u>724,328</u>	<u>679,106</u>
Gross loans	1,038,551	1,013,256
Less: allowance for loan losses	<u>(138,090)</u>	<u>(200,529)</u>
	<u>900,461</u>	<u>812,727</u>

Notes to the Financial Statements

31 March 2023

16. RECEIVABLES (CONT'D):

(ii) Impairment losses on loans:

The ageing of loans and related allowances at the reporting date were as follows:

	<u>The Group</u>			
	<u>2023</u> <u>\$'000</u>		<u>2022</u> <u>\$'000</u>	
	<u>Gross</u>	<u>Impairment</u>	<u>Gross</u>	<u>Impairment</u>
Current	733,087	23,659	581,902	12,564
1 to 3 months past due	159,319	4,997	214,217	20,089
4 to 12 months past due	124,982	104,672	196,762	167,767
Over 12 months past due	<u>21,163</u>	<u>4,762</u>	<u>20,375</u>	<u>109</u>
	<u>1,038,551</u>	<u>138,090</u>	<u>1,013,256</u>	<u>200,529</u>

The fair values of trade and other receivables approximate the carrying values.

17. RELATED PARTY TRANSACTIONS AND BALANCES:

(a) Transactions between the group and its related companies

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Sale of foreign currency to:				
Lasco Distributors Limited	4,930,785	4,790,856	4,930,785	4,790,856
Lasco Manufacturing Limited	<u>5,640,351</u>	<u>4,793,456</u>	<u>5,640,351</u>	<u>4,793,456</u>
	<u>10,571,136</u>	<u>9,584,312</u>	<u>10,571,136</u>	<u>9,584,312</u>
Interest income:				
Lasco Microfinance Limited	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,398</u>

(b) Key management compensation (included in staff costs - note 9):

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Key management includes directors and senior managers -				
Salaries and other short-term employee benefits	<u>144,510</u>	<u>98,024</u>	<u>92,955</u>	<u>67,353</u>
Directors' emoluments -				
Fees	<u>20,664</u>	<u>18,222</u>	<u>18,352</u>	<u>15,910</u>
Management remuneration (included above)	<u>62,042</u>	<u>43,708</u>	<u>62,042</u>	<u>43,708</u>

Notes to the Financial Statements

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18. DEFERRED TAX (CONT'D):

Deferred tax is due to the following temporary differences:

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Decelerated/(accelerated) tax depreciation	(242)	3,969	(2,359)	1,829
Interest receivables and loan allowances	29,371	46,477	-	-
Unrealised foreign exchange gain	4,060	(2,455)	4,060	(2,455)
Vacation leave accrued	9,212	8,617	5,686	5,686
Interest payable	7,127	33,479	7,127	6,701
Right-of-use assets	(46,970)	(51,808)	(45,719)	(49,665)
Lease liabilities	65,717	67,434	64,088	64,985
Tax losses carried forward	<u>49,611</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>117,886</u>	<u>105,713</u>	<u>32,883</u>	<u>27,081</u>

19. DEFERRED REVENUE:

During 2021 the group entered into agreements with its customers which restructured the loans receivable for customers who requested forbearance. Moratoriums up to six months on principal and interest were granted to eligible borrowers.

The balance represents interest income which was capitalized during the loan moratorium period which the company granted to its borrowers consequent to the COVID-19 pandemic. The amount is being amortised over the remaining life of the loans receivable.

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20. INTANGIBLE ASSETS:

	<u>The Group</u>			<u>Total</u> \$'000
	<u>Goodwill</u> \$'000	<u>Computer Software</u> \$'000	<u>Software work-in-progress</u> \$'000	
At cost -				
1 April 2021	824,016	98,694	3,690	926,400
Additions	-	-	1,131	1,131
Adjustment	-	-	(45)	(45)
31 March 2022	824,016	98,694	4,776	927,486
Additions	-	4,660	3,889	8,549
Transfer	-	3,889	(8,665)	(4,776)
31 March 2023	<u>824,016</u>	<u>107,243</u>	-	<u>931,259</u>
Amortisation -				
1 April 2021	-	59,425	-	59,425
Charge for the year	-	21,815	-	21,815
31 March 2022	-	81,240	-	81,240
Charge for the year	-	5,389	-	5,389
Adjustment	-	(4,762)	-	(4,762)
31 March 2023	-	<u>81,867</u>	-	<u>81,867</u>
Net Book Value -				
31 March 2023	<u>824,016</u>	<u>25,376</u>	-	<u>849,392</u>
31 March 2022	<u>824,016</u>	<u>17,454</u>	<u>4,776</u>	<u>846,246</u>

Goodwill -

Goodwill arose on the acquisition of Scotia Microfinance Company Limited and is largely attributable to synergies and economies of scale. This arose from years of creation and maintenance of solid customer base, good customer relations and general business operations.

Notes to the Financial Statements

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20. INTANGIBLE ASSETS (CONT'D):

Impairment tests for goodwill -

The group determines whether goodwill is impaired at the end of each reporting period or when events or changes in circumstances indicate that the carrying value may be impaired.

In testing goodwill for impairment, recoverable amounts of cash-generating units are estimated based on value-in-use. Where the recoverable amounts exceed the carrying amounts, no impairment allowance is made. The recoverable amounts of cash-generating units are arrived at by estimating their future cash flows and discounting those cash flows using long-term discount rates applicable to the group. Future sustainable cash flows are estimated based on the most recent forecasts, after taking account of past experience. In all cases projected cash flows are taken over five years, however as a consequence to the COVID-19 pandemic, the group used a seven year projection to make allowance for an additional two years of recovery. The long-term growth rate is applied following the immediately following year, within a terminal value calculated based on the discount rate and growth rate applied. Each cash generating unit is regarded as saleable to a third party at any future date at a price sufficient to recover its carrying amount of goodwill.

	<u>The Company</u> <u>Computer Software</u> <u>\$'000</u>
Cost -	
31 March 2022 and	
31 March 2023	<u>69,707</u>
Amortisation -	
1 April 2021	51,857
Charge for the year	<u>15,598</u>
31 March 2022	67,455
Depreciation adjustment	<u>(4,762)</u>
31 March 2023	<u>62,693</u>
Net Book Value -	
31 March 2023	<u>7,014</u>
31 March 2022	<u>2,252</u>

Notes to the Financial Statements

31 March 2023

21. PROPERTY, PLANT AND EQUIPMENT:

	<u>The Group</u>				
	<u>Leasehold</u>	<u>Furniture,</u>	<u>Computer</u>	<u>Motor</u>	<u>Total</u>
	<u>Improvements</u>	<u>Fixtures &</u>	<u>Hardware</u>	<u>Vehicles</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cost -					
1 April 2021	103,540	92,821	42,051	10,496	248,908
Additions	<u>1,178</u>	<u>1,077</u>	<u>1,888</u>	<u>6,957</u>	<u>11,100</u>
31 March 2022	104,718	93,898	43,939	17,453	260,008
Additions	2,824	2,473	11,548	2,300	19,145
Transfer to WIP	2,219	2,558	-	-	4,777
Disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,311)</u>	<u>(1,311)</u>
31 March 2023	<u>109,761</u>	<u>98,929</u>	<u>55,487</u>	<u>18,442</u>	<u>282,619</u>
Depreciation -					
1 April 2021	32,247	50,565	32,451	8,174	123,437
Charge for the year	<u>6,270</u>	<u>10,095</u>	<u>6,355</u>	<u>2,253</u>	<u>24,973</u>
31 March 2022	38,517	60,660	38,806	10,427	148,410
Charge for the year	6,614	8,989	5,513	2,133	23,249
Adjustments	<u>-</u>	<u>(88)</u>	<u>-</u>	<u>(568)</u>	<u>(656)</u>
31 March 2023	<u>45,131</u>	<u>69,561</u>	<u>44,319</u>	<u>11,992</u>	<u>171,003</u>
Net Book Value -					
31 March 2023	<u>64,630</u>	<u>29,368</u>	<u>11,168</u>	<u>6,450</u>	<u>111,616</u>
31 March 2022	<u>66,201</u>	<u>33,238</u>	<u>5,133</u>	<u>7,026</u>	<u>111,598</u>

Notes to the Financial Statements

31 March 2023

21. PROPERTY, PLANT AND EQUIPMENT (CONT'D):

The Company

	<u>Leasehold Improvements</u> \$'000	<u>Furniture, Fixtures & Equipment</u> \$'000	<u>Computer Hardware</u> \$'000	<u>Motor Vehicles</u> \$'000	<u>Total</u> \$'000
Cost -					
1 April 2021	84,350	72,172	26,851	9,185	192,558
Additions	<u>-</u>	<u>567</u>	<u>1,066</u>	<u>6,957</u>	<u>8,590</u>
31 March 2022	84,350	72,739	27,917	16,142	201,148
Additions	<u>-</u>	<u>555</u>	<u>6,031</u>	<u>-</u>	<u>6,586</u>
31 March 2023	<u>84,350</u>	<u>73,294</u>	<u>33,948</u>	<u>16,142</u>	<u>207,734</u>
Depreciation -					
1 April 2021	27,290	40,704	21,325	6,310	95,629
Charge for the year	<u>3,865</u>	<u>7,520</u>	<u>2,728</u>	<u>1,990</u>	<u>16,103</u>
31 March 2022	31,155	48,224	24,053	8,300	111,732
Charge for the year	<u>3,839</u>	<u>6,643</u>	<u>2,351</u>	<u>1,941</u>	<u>14,774</u>
31 March 2023	<u>34,994</u>	<u>54,867</u>	<u>26,404</u>	<u>10,241</u>	<u>126,506</u>
Net Book Value -					
31 March 2023	<u>49,356</u>	<u>18,427</u>	<u>7,544</u>	<u>5,901</u>	<u>81,228</u>
31 March 2022	<u>53,195</u>	<u>24,515</u>	<u>3,864</u>	<u>7,842</u>	<u>89,416</u>

Notes to the Financial Statements

31 March 2023

22. LEASES:

(a) Right-of-use assets

	<u>Land and building</u>			
	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
1 April	157,582	166,753	149,009	159,352
Addition during the year	-	6,300	-	-
Derecognition	-	(1,521)	-	-
Depreciation	(15,410)	(13,950)	(11,839)	(10,343)
31 March	<u>142,172</u>	<u>157,582</u>	<u>137,170</u>	<u>149,009</u>

(b) Lease liabilities

1 April	204,770	204,582	194,974	196,156
Addition during the year	-	6,300	-	-
Derecognition	-	(1,689)	-	-
Interest expense	13,616	13,970	13,178	13,326
Lease payments	(19,592)	(18,394)	(15,868)	(14,509)
31 March	<u>198,794</u>	<u>204,769</u>	<u>192,284</u>	<u>194,973</u>

In 2022, the derecognition resulted from a discontinuation of a lease due to relocation to another premises.

Amounts recognized in statement of profit or loss

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Gain on derecognition of right-of-use assets	-	(168)	-	-
Depreciation - right-of-use assets	15,410	13,950	11,839	10,343
Interest on lease liability (note 10)	13,616	13,970	13,178	13,326
Expense relating to short-term leases and low value assets	<u>10,519</u>	<u>11,307</u>	<u>2,866</u>	<u>2,857</u>
	<u>39,545</u>	<u>39,059</u>	<u>27,883</u>	<u>26,526</u>

(c) Contractual undiscounted cash flows maturity analysis

The contractual undiscounted cash flows maturity analysis is disclosed under liquidity risk in the financial risk management note 5(c)(iii).

Notes to the Financial Statements

31 March 2023

23. INVESTMENT IN SUBSIDIARIES:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Investment of the company in the shares of its subsidiaries:		
Lasco Financial Services (Barbados) Limited	45	45
Lasco Microfinance Limited	1,350,000	1,350,000
	<u>1,350,045</u>	<u>1,350,045</u>

24. PAYABLES:

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Trade payables -				
Sub-agents payables	196,804	279,405	196,804	279,405
Money transfer advance	152,164	154,712	152,164	154,712
Other	<u>631</u>	<u>28,220</u>	<u>-</u>	<u>-</u>
	349,599	462,337	348,968	434,117
Other payables and accruals	<u>234,440</u>	<u>489,121</u>	<u>199,228</u>	<u>469,813</u>
	<u>584,039</u>	<u>951,458</u>	<u>548,196</u>	<u>903,930</u>

There is no amount outstanding under the Ministry of Finance and the Public Service CARE agreement for 2023. However, for 2022, included in other payables is \$363 million.

25. LOANS:

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
JMMB Bank (Jamaica) Limited (i)	637,706	687,371	637,706	687,371
JMMB Bank (Jamaica) Limited (ii)	457,350	491,978	457,350	491,978
Development Bank of Jamaica	<u>142,992</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
	<u>1,238,048</u>	<u>1,279,349</u>	<u>1,095,056</u>	<u>1,179,349</u>

Notes to the Financial Statements

31 March 2023

25. LOANS (CONT'D):

JMMB Bank (Jamaica) Limited -

- (i) The company was granted a loan under the general Banking facility in the amount of JMD\$700,000,000. The loan was disbursed on 9 July 2021 at a current interest rate of 8.25% per annum and is repayable over ten years.
- (ii) The company was granted a loan under the general Banking facility in the amount of JMD\$500,000,000. The loan was disbursed on 9 July 2021 at a current interest rate of 8.75% per annum and is repayable over ten years.

Security:

The following securities, evidenced by documents in a form satisfactory to JMMB Bank and registered or recorded as required by JMMB Bank, are held in support of the credit facilities:

- (i) Corporate Guarantee of Lasco Microfinance Limited in favour of the company registered and stamped to cover \$306,000,000 supported by Assignment of Loan Receivables outstanding on the books of Lasco Microfinance Limited providing a security coverage ratio of 2.35 times the Borrower's loan obligations to the Bank.
- (ii) First demand debenture stamped to cover \$1,200,000,000 over the present and future assets of the company including but not limited to all trade and other receivables.
- (iii) Corporate guarantee of Lasco Microfinance Limited in favour of the company stamped to cover \$1,200,000,000.
- (iv) First priority security interest/assignment of all loans and other receivables outstanding on the books of Lasco Microfinance Limited to cover the company's loan obligation of \$1,200,000,000.

Development Bank of Jamaica -

This loan represents a partnership with the Development Bank of Jamaica to issue loans to sub-borrowers involved in the MSME sector. The loan amounts of \$100,000,000 and \$90,000,000 were disbursed on 1 November 2021 and 28 April 2022, respectively. The loan is repayable over 8 years at a current interest rate of 2% per annum.

Security:

The loan is secured by a duly executed promissory note.

Notes to the Financial Statements

31 March 2023

26. SHARE CAPITAL:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Authorised - 1,961,200,000 ordinary shares of no par value		
Stated capital - Issued and fully paid - 1,280,227,725 ordinary shares of no par value	<u>114,536</u>	<u>114,536</u>

The company issued no shares during the year to its directors and managers. During 2022 however there was an issue of 9,666,668 under the company's stock option plan and the value of the option exercised was \$2,204,967.

27. OTHER RESERVE:

Stock Option Reserve

(a) Stock option description and movement:

On 30 September 2013, the company obtained approval from stockholders at its annual general meeting for authorised but unissued shares up to a maximum of 5% of the total number of issued shares of no par value to be set aside for allocation and sale to the directors and key personnel of the company. Consequently, the company has set aside 61,405,000 of the authorised but unissued shares for the stock option plan.

On 1 August 2014, under the rules of the stock option plan, the following allocations were made:

	<u>No. of shares</u> <u>'000</u>
Non-executive directors and key personnel	<u>61,405</u>

The options were granted at a subscription price of \$1.00 and are exercisable over a period of seven (7) years, at the end of which time unexercised options will expire. The total grant of each director and key personnel will fully vest on the third anniversary of the grant date. The plan provides for equitable adjustment of the allocated number of shares by reason of stock splits, combinations or exchanges of shares, stock dividends and reclassifications or other similar corporate changes.

	<u>2023</u> <u>'000</u>	<u>2022</u> <u>'000</u>
Movement on the option:		
At 1 April	9,281	18,948
Exercised	-	(9,667)
Forfeiture	<u>(9,281)</u>	<u>-</u>
At 31 March	<u>-</u>	<u>9,281</u>

The unexercised options expired effective 1 August 2022.

Notes to the Financial Statements

31 March 2023

27. OTHER RESERVE (CONT'D):

Stock Option Reserve (cont'd)

(b) Fair value of options granted:

The fair value of options granted determined using the Black-Scholes-Merton valuation model was \$14,006,000. The significant inputs into the model were the share price of \$0.80 at the grant date, exercise price of \$1.00, the risk free interest rate of 8.22%, standard deviation of expected share price returns of 42.49%, the option life of seven (7) years and expected dividends of \$0.03. It is expected that these options will be exercised within four and a half (4½) years.

The breakdown of the fair value of options granted is as follows:

	<u>\$'000</u>
Fair value of options granted	14,006
Expensed in 2015	(6,838)
Expensed in 2016	(2,834)
Expensed in 2017	(4,334)
Amount to be expensed in future periods	<u> -</u>

(c) Movement on the share option reserve is as follows:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
At 1 April	2,117	4,322
Fair value of options exercised transferred to share capital	-	(2,205)
Expired options	(2,117)	<u> -</u>
At 31 March	<u> -</u>	<u>2,117</u>

28. RETAINED EARNINGS:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Reflected in the financial statements of:		
The company	2,294,359	2,120,596
Subsidiaries	(298,864)	(275,052)
	<u>1,995,495</u>	<u>1,845,544</u>

29. DIVIDENDS:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
In respect of 31 March 2023	64,011	-
In respect of 31 March 2022	<u> -</u>	<u>51,209</u>

By resolution dated 17 November 2022, an interim dividend payment of \$0.05 per share was approved by the Board of Directors.

Notes to the Financial Statements

31 March 2023

30. **PENSION PLAN:**

The company and one of the subsidiaries participate in a defined contribution pension plan which is administered by Sagicor Life Jamaica Limited and Guardian Life Limited, respectively. The pension plans are open to all permanent employees.

The plans are funded by the group's and employees' contributions. The group's contributions to the plans are expensed and amounted to \$20,259,000 for the year (2022 - \$17,892,000).

31. **SEGMENT INFORMATION:**

The group generates its revenue from Cambio operations, Money Transfer, VISA prepaid card and Loans.

Based on the information presented to and reviewed by the CODM, the entire operation of the group is considered as one operating segment.

Financial information related to the group as a whole can be found in the consolidated statement of profit or loss and other comprehensive income, in the consolidated statement of financial position and related notes. There are no differences in the measurement of the reportable segment results and the group's results.



FORM OF PROXY

I/We _____
of _____
being a Member/Members of the above-named Company, hereby appoint _____
_____ of _____
or failing him/her, _____
of _____
as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to
be held on Wednesday, October 4, 2023 at 9 a.m. in the Montego Suite Room at the Jamaica Pegasus
Hotel, 81 Knutsford Boulevard, Kingston 5 and at any adjournment thereof.

Signed this _____ day of _____ 2023

Signature: _____

NOTES:

1. *This form of Proxy must be completed and deposited with the Secretary at the registered office of the Company at 27 Red Hills Road, Kingston 10, no less than 48 hours before the time appointed for holding the meeting; or, to the Registrar and Transfer Agent, Jamaica Central Securities Depository, 40 Harbour Street, Kingston.*
2. *The Proxy Form should bear stamp duty of \$100, which may be adhesive and duly cancelled by the person signing the proxy form.*
3. *If the appointer is a Corporation, this Form of Proxy must be executed under its common seal or under the hand of an officer or attorney duly authorized in writing.*

SEND TO:

The Registrar and Transfer Agent
Jamaica Central Securities Depository
40 Harbour Street
Kingston

PLACE STAMP HERE



38 1/2 Red Hills Road, Kingston 10, Jamaica, W.I.

Tel: (876) 906-7473, (876) 618-5273

Website: www.LASCOjamaica.com/financial