



Everyday Financial Value



# Unaudited Financial Report

**Q1**

**April – June 2023**

# LASCO FINANCIAL SERVICES LIMITED

## 1st Quarter April – June 2023

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

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The Board regrets the passing of Honourable Lascelles Chin, OJ, CD, LLD (Hon. Causa) the esteemed Executive Chairman of LASCO Financial Services Limited, on May 27<sup>th</sup>, 2023. Mr. Chin's visionary leadership, unparalleled dedication, and remarkable contributions have left an indelible mark on our organization and the country. He will be remembered as a true visionary and a driving force behind our success.

Mr. Chin's passing is a significant loss to our company, and we assure you that under his leadership the Board ensured that the appropriate succession, management and governance structures have been in place for some time now. Mr. Chin was a firm believer in the long-term success and sustainability of LASCO Financial Services Limited, and he took great care to establish a strong leadership team and a robust framework that will enable our company to continue functioning effectively and efficiently. Following his passing, the Board of Directors met on the 15<sup>th</sup> June 2023 and appointed Mr. James Rawle as Chairman of the Board of Directors.

The Board of Directors, in close collaboration with the executive management team, will continue to work diligently to uphold Mr. Chin's legacy and vision. As we move forward, we remain dedicated to driving the growth and success of LASCO Financial Services Limited. We are confident that, under the leadership of our capable team, we will continue to deliver exceptional results, exceed expectations, and create value for all stakeholders.

Subsequent to the end of the Quarter, on July 16, we were further saddened by the news of the passing of our Director and Mentor, Honourable Roald Henriques OJ, KC after a brief illness. Mr. Henriques was the Chairman of our Corporate Governance and Compensation committees which he led with great passion for his work. He will surely be missed but we are grateful for his guidance which will continue to resonate with us.

## THREE MONTHS BUSINESS PERFORMANCE HIGHLIGHTS

### 574.4 million dollars in Income

Up 1.75 percent above the corresponding 2022 period  
An increase of \$9.8 million dollars

### 67.8 million dollars Profit from Operations

Down 49.2 percent below the corresponding 2022 period  
A decrease of \$65.7 million dollars

### 18.8 million dollars Net Profit for the period

Down 77.3 percent below the corresponding 2022 period  
A decrease of \$63.9 million dollars.

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Our first Quarter was a turning point for the business as we implemented several organizational changes to drive more efficiencies. This resulted in the redundancies of some fifteen positions between both companies (LASCO Financial and LASCO Microfinance) as we make efforts to consolidate resources and maximize value. The expenses associated with these separations are reflected in this quarter.

#### Income

LASCO Financial Services Limited (LFSL) is reporting consolidated income of \$574.4 million for the first quarter of the 2023-2024 Financial year. This represents an increase of \$9.8 million on income of \$564.5 million which was generated in the corresponding 2022-2023 first quarter. The 1.75% increase was related to growth in trading gains, new services and fees.

#### Expenses

Consolidated expenses for the Quarter was \$506.5 million, which was \$75.6 million more than the previous corresponding period. Contributing to this increase is the \$15.7 million in Selling and Promotions to support new services, and \$58.8 million increase in administrative costs to support the deployment of new services, increased costs of operation and redundancy packages. Based on the plans in place for the new financial year, these key actions were needed in the first quarter to ensure we strengthen our foundation for a competitive year ahead.

#### Profitability

Profit from operations closed the quarter at \$67.8 million compared with \$133.5 million in the 2022-23 corresponding period. Profit after tax declined significantly to

close the quarter at \$18.8 million. Several foundational activities were embarked upon in the first quarter significantly increasing expenses, including increased advertising to drive awareness of our key services with the expectation of growth in the next three quarters and the reduction in permanent staff positions arising from reorganization to drive efficiencies and control future costs. With lowered fixed costs, we anticipate stronger results for the rest of year.

### BALANCE SHEET HIGHLIGHTS

	<b>Q1 2023</b>	<b>Q1 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CASH &amp; SHORT-TERM DEPOSITS</b>	1,082,779	1,621,475
<b>TOTAL ASSETS</b>	3,819,547	4,328,512
<b>LONG TERM DEBT</b>	957,113	1,523,627

Total assets reduced year over year by \$509 million or 11.8% to close the period at \$3,819.5 million. The key contributor to this decline is the reduction in our cash holdings. LFSL has strong cash generating capacity which we leveraged to pay down our long-term loan with JMMB Bank by \$439 million or 42%. This was a significant move for us to strengthen our financial position. Our balance on long term debt now stands at \$621.9 million to JMMB Bank and \$138.8 million to the Development Bank of Jamaica. The \$957.1 million long term debt also includes \$197 million for lease liability. Our cash balance remains robust at \$1.0 billion to support our growing loan portfolio and daily operations.

### OUTLOOK

The rapid changes in the capacity of technology is changing the way we conduct business and is driving a different earnings module which requires great scale in customer transactional activities. It also requires strong investments in key financial technology and customer education to help customers transition to the digital services. As one of the companies leading the change, it comes at great cost and requires us to be deliberate and strategic in our actions to emerge successful.

We have the basis for success having both traditional and on trend digital means of delivering remittance to our customers, our cambio business is able to respond to demand and has been growing, our loans business is reviving its growth in disbursements post covid and is expected to deliver a positive contribution this year.

### Corporate Social Responsibility Activities

LFSL conducted two activities within its communities during the quarter; Labour Day activity at the United Early Development Centre near our corporate offices and the “The Draw it Out Therapeutic Art Programme”, a project designed to assist counsellors in selected schools to engage students to connect with art to help them feel better, be more optimistic and help to reduce violence in schools. These therapeutic art sessions were conducted in association with The Art of Motivation Inc. and was conducted at the St. Patrick’s Primary School in May.

LFSL, through the outreach of the LASCO Chin Foundation also partnered with the Nurses association of Jamaica (NAJ), Lasco Distributors and LASCO Manufacturing in sponsoring activities to celebrate International Nurses Day on May 12th ,2023. The ceremony brought together over one hundred and fifty (150) Nurses and Nursing students from across the Island to share knowledge and celebrate their contributions to healthcare.

We wish to express our appreciation to our employees, agents and merchants who continue to serve our customers with enthusiasm. We also express gratitude to our Directors for their continued support and guidance.



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

# LASCO FINANCIAL SERVICES LIMITED

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

### APRIL – JUNE 2023

	<u>Note</u>	<u>UNAUDITED</u>	<u>UNAUDITED</u>	<u>AUDITED</u>
		3 MONTHS ENDED 30 JUNE 2023	3 MONTHS ENDED 30 JUNE 2022	12 MONTHS ENDED 31 MARCH 2023
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>REVENUE</b>				
Income		539,177	539,993	2,113,207
Other income		35,176	24,496	160,129
		<u>574,353</u>	<u>564,489</u>	<u>2,273,336</u>
<b>EXPENSES:</b>				
Administrative and other expenses		(327,842)	(268,033)	(1,180,906)
Selling and promotion expenses		(178,682)	(162,923)	(646,830)
		<u>(506,525)</u>	<u>(430,956)</u>	<u>(1,827,736)</u>
PROFIT FROM OPERATIONS		67,828	133,533	445,600
Finance cost		(24,764)	(26,771)	(116,640)
PROFIT BEFORE TAXATION		43,065	106,762	328,960
Taxation		(24,248)	(23,980)	(114,998)
NET PROFIT FOR THE PERIOD, BEING		<u>18,817</u>	<u>82,782</u>	<u>213,962</u>
TOTAL COMPREHENSIVE INCOME				
Weighted average number of shares in issue		1,274,042	1,274,042	1,274,042
Basic Earnings per stock unit		<u>\$0.0148</u>	<u>\$0.0650</u>	<u>\$0.1679</u>

# LASCO FINANCIAL SERVICES LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### AS AT 30th JUNE 2023

	Note	UNAUDITED JUNE <u>2023</u> \$'000	UNAUDITED JUNE <u>2022</u> \$'000	AUDITED MARCH <u>2023</u> \$'000
<b><u>ASSETS</u></b>				
Cash and bank balances		772,279	855,957	695,719
Short term deposits		310,500	765,518	668,775
Loans and other receivables		1,462,659	1,451,279	1,654,845
Taxation recoverable		50,284	32,926	52,708
Deferred tax assets		121,147	108,138	119,256
Intangible assets		847,405	850,065	849,392
Property, plant and equipment		118,058	110,983	111,616
Right-of-use		137,215	153,646	142,172
<b>TOTAL ASSETS</b>		<b>3,819,547</b>	<b>4,328,512</b>	<b>4,294,483</b>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>LIABILITIES:</b>				
Payables		592,656	524,114	603,547
Taxation		140,929	236,052	144,063
Lease Liability		197,249	203,654	198,794
Loans		759,864	1,319,713	1,238,048
		<b>1,690,699</b>	<b>2,283,533</b>	<b>2,184,452</b>
<b>EQUITY:</b>				
Share capital	3	114,536	114,536	114,536
Share option reserve		-	2,117	-
Retained earnings		2,014,312	1,928,326	1,995,495
		<b>2,128,848</b>	<b>2,044,979</b>	<b>2,110,031</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3,819,547</b>	<b>4,328,512</b>	<b>4,294,483</b>

Approved for issue by the Board of Directors on 25th July 2023 and signed on its behalf by:



Compton Rodney FCA FCCA  
Director



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

# LASCO FINANCIAL SERVICES LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### FOR THE 3 MONTHS ENDED 30th JUNE 2023

	<b>Share Capital \$'000</b>	<b>Share Option Reserve \$'000</b>	<b>Retained Earnings \$'000</b>	<b>Total \$'000</b>
Balance at 1 April 2022	114,536	2,117	1,845,544	1,962,197
<b>Total comprehensive income:</b>				
Net profit	-	-	82,782	82,782
Other comprehensive income	-	-	-	-
	<u>-</u>	<u>-</u>	<u>82,782</u>	<u>82,782</u>
<b>Transaction with owners</b>				
Issue of shares	-	-	-	-
Transfer from other reserves	-	-	-	-
Dividends paid	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Balance at 30 June 2022</b>	<u>114,536</u>	<u>2,117</u>	<u>1,928,326</u>	<u>2,044,979</u>
Balance at 1 April 2023	114,536	-	1,995,495	2,110,031
<b>Total comprehensive income:</b>				
Net profit	-	-	18,817	18,817
Other comprehensive income	-	-	-	-
	<u>-</u>	<u>-</u>	<u>18,817</u>	<u>18,817</u>
<b>Transaction with owners</b>				
Issue of shares	-	-	-	-
Transfer from other reserves	-	-	-	-
Dividends paid	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Balance at 30 June 2023</b>	<u>114,536</u>	<u>-</u>	<u>2,014,312</u>	<u>2,128,848</u>



LASCO FINANCIAL SERVICES LIMITED  
CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 3 MONTHS ENDED 30 JUNE 2023

	UNAUDITED 3 MONTHS ENDED 30 JUNE 2023 \$'000	UNAUDITED 3 MONTHS ENDED 30 JUNE 2022 \$'000	AUDITED 12 MONTHS ENDED 31 MARCH 2023 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net profit/(loss)	18,817	82,782	213,962
Items not affecting cash resources:			
Exchange loss/(gain) on foreign balances	(4,591)	4,436	12,127
Depreciation - right-of-use assets	4,957	3,936	15,410
Amortisation of Intangibles	1,374	1,454	5,389
Depreciation	6,145	1,395	23,249
Expired Stock Options		-	(2,117)
Interest income from loans	(80,763)	(86,775)	(340,285)
Interest income from securities	(5,295)	(11,264)	(51,015)
Interest Income -Other	(350)	(3,265)	(7,677)
Taxation expense	24,248	23,980	128,541
Deferred taxation	(9,047)	(2,425)	(13,543)
Interest expense	18,734	23,265	103,024
Interest expense - right-of-use assets	3,314	3,464	13,616
Adjustment to Plant, Property & Equipment	-	-	494
Adjustment to Amortisation	-	-	(4,762)
Provision for impaired loss on loan	2,975	4,682	(62,439)
	<u>(19,481)</u>	<u>45,665</u>	<u>33,974</u>
<b>Changes in operating assets and liabilities</b>			
Receivables	217,661	569,765	400,537
Related companies	-	(12,812)	11,377
Payables	<u>(65,554)</u>	<u>(434,402)</u>	<u>(374,745)</u>
	132,627	168,216	71,143
Interest received on Loans	76,429	87,281	341,980
Interest paid	(3,912)	(1,053)	(2,918)
Dividend Paid	-	-	(64,011)
Taxation paid	<u>(44,319)</u>	<u>(40,884)</u>	<u>(230,676)</u>
<b>Cash provided by operating activities</b>	<u>160,825</u>	<u>213,560</u>	<u>115,518</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received- Securities	7,264	12,980	58,783
Additions to intangible assets	-	(2,498)	(8,549)
Additions to property, plant and equipment	(12,068)	(3,556)	(19,145)
Proceeds from Disposal of Assets	-	-	250
Short term deposits	<u>409,743</u>	<u>(337,442)</u>	<u>(240,699)</u>
<b>Cash provided by/(used in) investing activities</b>	<u>404,938</u>	<u>(330,516)</u>	<u>(209,360)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid	(27,781)	(23,154)	(98,827)
Issued shares	-	-	-
Loan Proceeds	-	90,000	90,000
Loan repayments	(465,226)	(48,693)	(132,577)
Lease payments	<u>(4,860)</u>	<u>(4,579)</u>	<u>(19,592)</u>
<b>Cash used in financing activities</b>	<u>(497,867)</u>	<u>13,572</u>	<u>(160,996)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Exchange (loss)/gain on cash balances	67,896	(103,384)	(254,838)
	8,663	(2,174)	(10,958)
Cash and cash equivalents at beginning of period	<u>695,719</u>	<u>961,515</u>	<u>961,515</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>772,277</u>	<u>855,957</u>	<u>695,719</u>

# LASCO FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30th JUNE 2023

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### 1. IDENTIFICATION AND PRINCIPAL ACTIVITY:

(a) LASCO Financial Services Limited ("the Company") is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is 27 Red Hills Road, Kingston 10. The company is listed on the Junior Market of the Jamaica Stock Exchange.

(b) The principal activities of the company are:

- The sale and purchase of foreign currencies through its Cambio. The company is a licensed Cambio dealer regulated by the Bank of Jamaica.
- The provision of remittance services facilitating person to person transfers for a fee, in accordance with licenses issued by the Bank of Jamaica

(c) LASCO Financial Services (Barbados) Limited is incorporated in Barbados under the Companies Act Cap.308 of the Laws of Barbados and is a 100% owned subsidiary of the company. The principal activity is the provision 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 of the Microcredit Act 2021 which came into effect on July 30, 2021, LASCO Microfinance must apply for a license within one year. LASMF has received a letter of non-objection.

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

# LASCO FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30th JUNE 2023

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### 2. BASIS OF PREPARATION:

The condensed unaudited consolidated financial statements for the three (3) months ended June 30, 2023, have been prepared in accordance with IAS 34, Interim financial reporting and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and have been prepared under the historical cost convention. They are also prepared in accordance with provisions of the Jamaican Companies Act and as set out in note 3 of the audited financial statements as at 31 March 2023.

### 3. SHARE CAPITAL:

Authorized –

1,961,200,000 (2022 – 1,961,200,000) Ordinary shares of no par value

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Stated capital, issued, and fully paid - 1,280,228 (2022 - 1,280,228) of no-par value	<u>114,536</u>	<u>114,536</u>

### 4. EARNINGS PER STOCK UNIT:

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

	<u>2023</u>	<u>2022</u>
Net profit attributable to stockholders (\$'000)	18,817	82,782
Weighted average number of ordinary stock units ('000)	<u>1,274,042</u>	<u>1,274,042</u>
Basic earnings per stock unit	<u>\$0.0148</u>	<u>\$0.0650</u>